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Pressure Mounts for Revamping of EC Currencies

Meeting in Brussels Reportedly Will Focus On Spanish Peseta

By Carl Gewirtz and Erik Ipsen International Herald Tribune

A new wave of turbulence swept foreign exchange markets Friday as the French franc and weaker currencies came under pressure.

Monetary sources in Brussels quoted by the AFP-Extel news agency said that the European Community's monetary committee was to meet to consider a 6 percent devaluation of the Spanish peseta, one of the system's weak currencies.

The Bundesbank indicates it will keep interest rates on a tight leash. Page 11.

Even With Pact, World Economy Will Require Time to Heal

By Tom Redburn International Herald Tribune

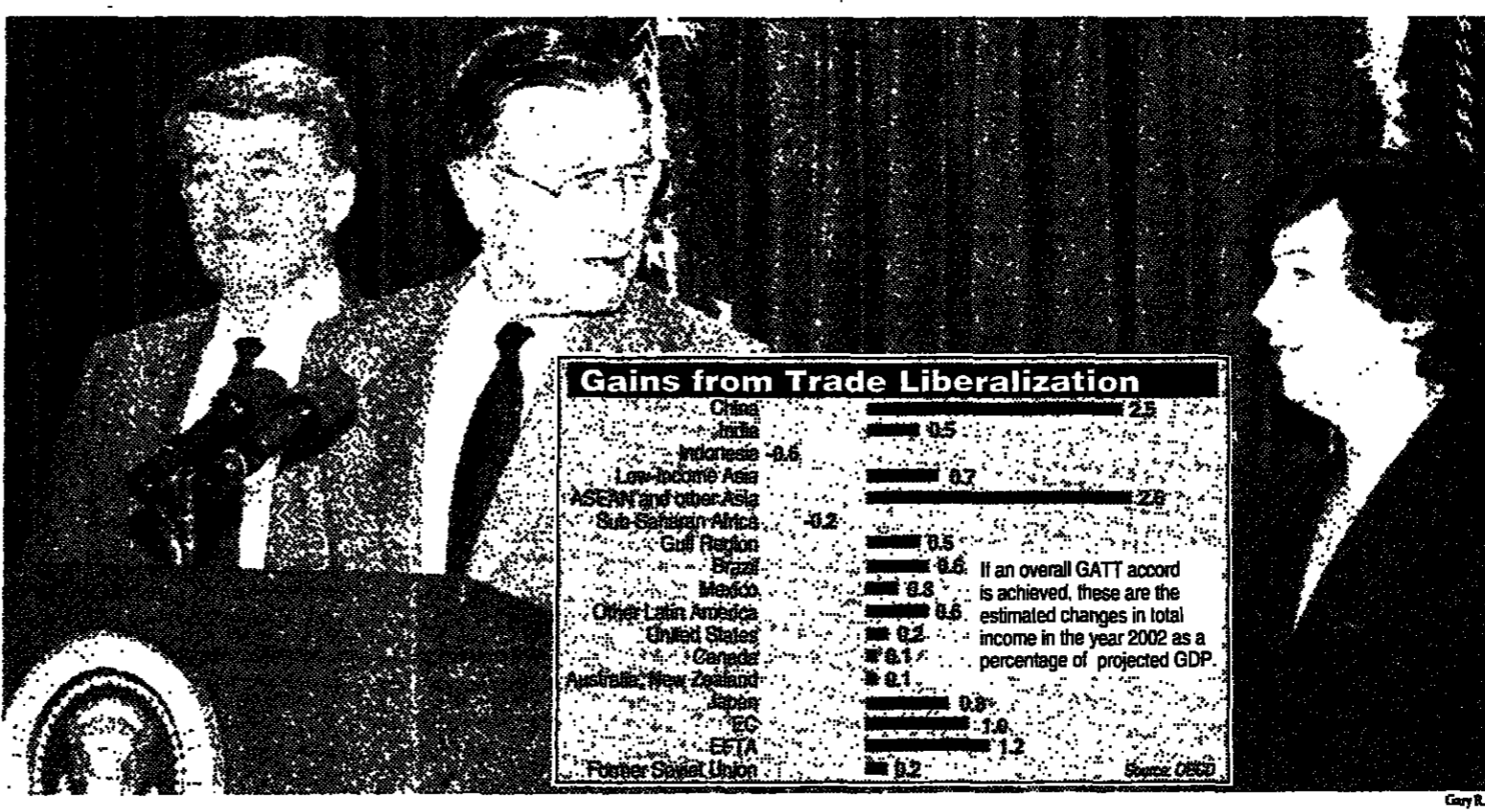
PARIS — A global trade agreement, which now becomes far more likely with the breakthrough Friday in the dispute between the European Community and the United States over farm subsidies, is no instant cure-all for ailing world economy.

Flow from it. For all the benefits that would ultimately flow from a big trade deal, even the most committed advocates of free trade foresee, at best, a boost in world economic output of about \$200 billion.

Moreover, according to a detailed study by the Organization for Economic Cooperation and Development, it would take a full decade to realize those significant, but relatively modest, gains.

U.S. and EC Avert Trade War With Deal on Farm Subsidies

International Herald Tribune The United States and the European Community, stepping back from the brink of a threatening trade war, announced Friday a detailed pact to curb farm subsidies that should clear the way to a sweeping international agreement to expand world trade.



President Bush acknowledging the efforts of the U.S. trade representative, Carla A. Hills, and Agriculture Secretary Edward R. Madigan on the accord Friday.

Gains from Trade Liberalization table showing percentage gains for various regions like China, India, Indonesia, etc.

Kiosk Hitler Artwork Draws No Bids

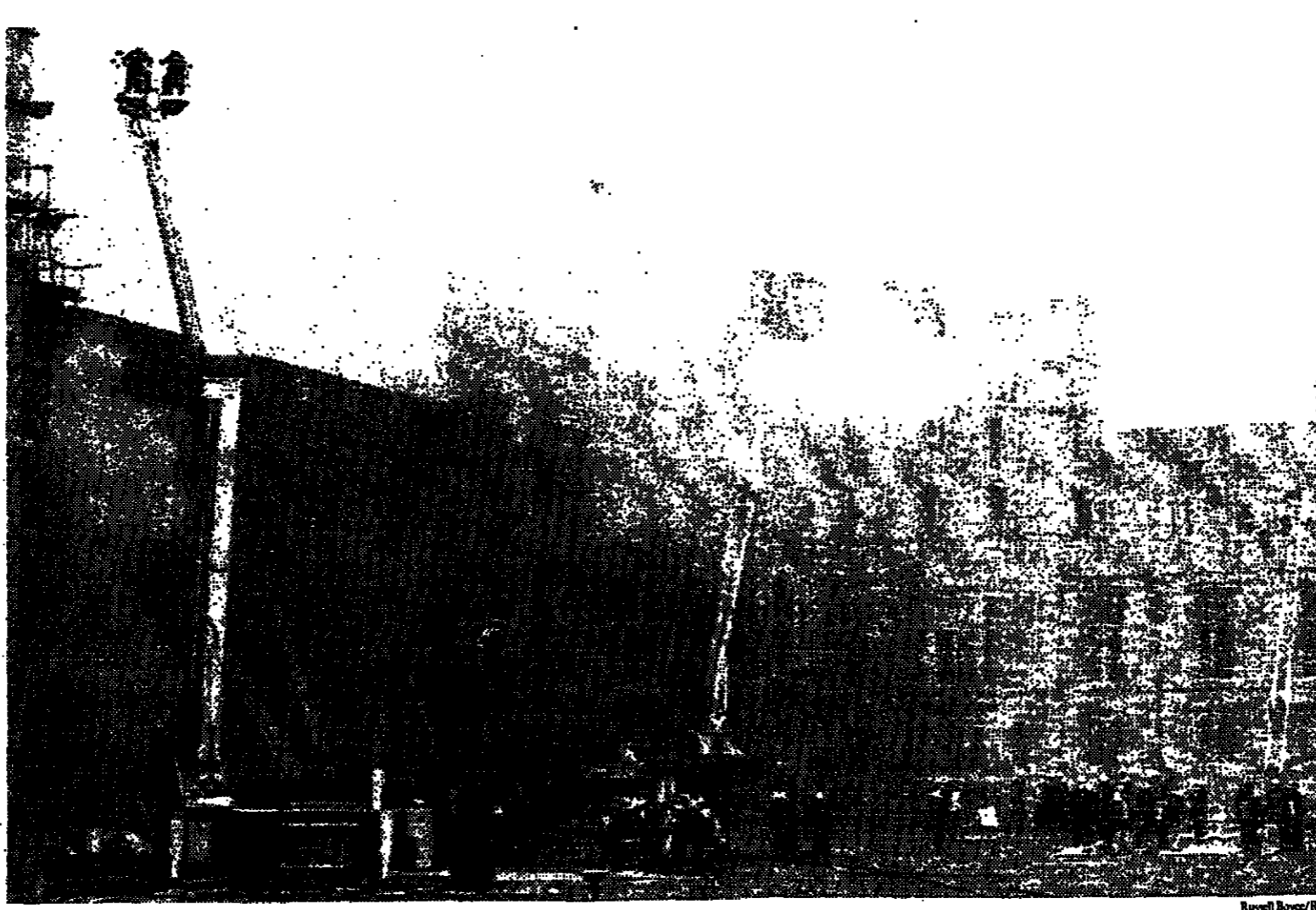
TRIESTE, Italy (Reuters) — Twenty paintings by the youthful Adolf Hitler went unsold Friday after they failed to draw any bidders at an auction.

General News Scientists pore over evidence of a black hole. Page 5.

Business/Finance Japanese depositors are fleeing banks for the postal savings system. Page 11.

Fire at Windsor Castle, Home of Monarchs for 850 Years

By Richard W. Stevenson New York Times Service WINDSOR, England — Fire swept through a portion of Windsor Castle on Friday, inflicting extensive damage on the centuries-old landmark and threatening one of the world's great collections of art and furniture.



Firefighters battling the blaze at Windsor Castle on Friday. The fire started in a chapel. Prince Andrew helped employees and soldiers evacuate works of art.

Several hundred fire fighters fought the blaze well into the night, managing to contain it to one section of the vast structure that has been a home of British monarchs for more than 850 years.

The cost of the repairs will be borne by taxpayers, government officials said. Royal palaces, like most government buildings, do not carry any insurance coverage because it would be too expensive.

The queen's art collection is believed to be the world's most valuable private collection, and the portion of it housed at Windsor includes works by Holbein, Rembrandt, Rubens and Van Dyck, and drawings by Leonardo da Vinci.

Prince Andrew, who at one point pitched in to carry valuables out of the castle, said there had been some damage to paintings, but he said he did not know which ones.

On Friday night, moving vans pulled up outside the castle, which is one of Britain's biggest tourist attractions, to carry away the jumble of paintings, sculptures, furniture and other belongings that had been placed in the gravel drive.

Emerging from the castle at one point, Prince Andrew declared that the new measures — which are designed to interdict sanctions-breaking shipping and thereby increase pressure for an end to the war in Bosnia — should be implemented as soon as possible.

In World Computer Chip Battle, Americans Overtake Japan's Lead

By T. R. Reid Washington Post Service TOKYO — U.S. semiconductor chip companies have caught up with their Japanese competitors and regained global supremacy in the booming world semiconductor market in what industry analysts see as an important comeback for U.S. competitiveness.

Silicon Valley in California, are gaining an advantage in investments and marketing over their Japanese competitors. Industry executives and analysts say final sales figures for 1992 are expected to show that.

For the first time since 1984, the biggest microchip maker in the world will be an American company: Intel Corp., the San Jose, California, company that makes the microprocessor chips at the heart of nearly all the personal computers in the world.

While industry analysts say that U.S. companies have rebounded thanks largely to aggressive investment, innovation and marketing, they have had help. In 1986, the Reagan administration weighed in, pushing Japan to sign a bilateral agreement that opened Japan's market to foreign — essentially U.S. — chip makers.

The Americans also were aided by a Japanese blunder in choosing to invest heavily in making computer memory chips, a relatively simple type of chip that is no longer so profitable.

8 percent and Asian makers outside Japan holding 5 percent of the market.

Europeans And NATO Blockade Adriatic

By Alan Cowell New York Times Service ROME — Both the North Atlantic Treaty Organization and the Western European Union ordered their warships in the Adriatic on Friday to impose a full naval blockade on the former Yugoslavia to implement a newly tightened United Nations embargo.

The likely impact of the decisions in Brussels and Rome remained unclear, however, because only limited amounts of the strategic trade to Serbia and Montenegro covered by UN embargoes arrives by sea, diplomats in Rome said.

Technically, the measures will give NATO and Western European Union warships the same powers to stop and search merchant shipping as the Western allies used to impose sanctions on Baghdad before, during and after the Gulf crisis.

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WORLD BRIEFS

Russians Act on Land Reform Plan
MOSCOW (AP) — Legislators took an important step toward a market economy on Friday by giving property rights to owners of small land plots...

German States Act to Curb Violence
WIESBADEN, Germany (Reuters) — Interior ministers from Germany's federal states agreed on Friday to step up their fight against neo-Nazi violence...

East Timor Rebel Chief Is Captured
JAKARTA (Reuters) — Indonesian troops captured the leader of East Timor's Fretilin guerrillas on Friday, and Portugal quickly appealed for his release...

Despite Pact, Paris Metro Idled Again
PARIS (Combined Dispatches) — Paris Metro drivers stopped work on Friday during the morning and evening rush hours for the fourth day...

MGM Grand to End N.Y.-L.A. Flights
LOS ANGELES — MGM Grand Air, the luxury airline that pumps its customers with caviar and Champagne, said it planned to halt its flight schedule between Los Angeles and New York on New Year's Eve...

Palace: Blaze at Windsor
The fire is the second major blaze in a British royal palace in six years. In 1986, Hampton Court, Henry VIII's palace 15 miles west of London, suffered severe damage that took five years and millions of pounds to repair...

Americans Abroad Face Tight Tax Net
WASHINGTON — The Internal Revenue Service has begun an international effort to find Americans who have not been filing U.S. tax returns and to get them back into the system, willingly or unwittingly...

Australian Held for War Trial
ADELAIDE, Australia (Reuters) — A 66-year-old Australian, Heinrich Wegner, arrested under Nazi war crimes legislation, was committed for trial on Friday on murder charges that include the slaughter of 19 children...

In Switch, ANC Offers Amnesty to Law Forces

By Bill Keller
New York Times Service
JOHANNESBURG — In a striking move following new disclosures that the military may have sponsored dirty tricks against the African National Congress, the ANC has offered the military and the police an olive branch of job security and a general amnesty...

Neither Side Likes Ireland's Abortion Amendment

By James F. Clarity
New York Times Service
DUBLIN — Prime Minister Albert Reynolds is insisting that voters in a national referendum on Wednesday will approve a constitutional amendment that will expand the grounds for legal abortion in this predominantly Roman Catholic country...

UN Allows Shipment to Independent Yugoslav TV

WASHINGTON — At the urging of the United States, a United Nations Security Council committee has voted to approve an exemption to the embargo against Yugoslavia in order to allow delivery of television equipment for an independent station in Belgrade...



A Hungarian border guard inspecting a Ukrainian barge tied up at Mohacs to ensure its cargo is in compliance with the UN's sanctions.

In Ex-Yugoslavia, UN Spins Its Wheels

By Paul Lewis
New York Times Service
BELGRADE — Peacekeeping soldiers and relief supplies are pouring into Yugoslavia, Croatia and Bosnia as the largest peacekeeping and aid operation the United Nations has ever begun builds up to maximum strength...

EMBARGO: Adriatic Blockade

(Continued from page 1)
members with the accession of Greece.
At a news conference, Defense Minister Volker Rube of Germany said that the decisions would probably begin Tuesday after officials had worked out details...

More Vietnamese Sent Back

HONG KONG — Hong Kong deported 57 Vietnamese boat refugees on Friday and said the camps holding thousands more were emptying fast under a repatriation program agreed to with Hanoi...

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In the heart of Barcelona. Totally soundproofed. 110 rooms. 5 suites. Café del Gallery-Brasserie with a charming courtyard garden.

Dining Out
AMSTERDAM HAESJE CLAS
PARIS 1st CARR'S
PARIS 4th LA COLOMBE
PARIS 5th LA BOUTELLE D'OR
PARIS 6th YUGARAJ
PARIS 7th THOUAUX
PARIS 8th LA TAVERNE KRONENBOURG

Frugality Wins in Caymans
The Associated Press
GEORGE TOWN, Cayman Islands — A group of candidates who campaigned against excessive government spending won 12 of the 15 seats in this British colony's legislature, election results showed Thursday.

Various small advertisements and notices, including 'Clinton K...', 'POLIT...', 'Quote-Quotes', and 'Away From...'

TRANSITION / CHANGE ON THE PARTY SCENE

A New Twist in Passport Saga

By Walter Pincus
Washington Post Service

WASHINGTON — Former Assistant Secretary of State Elizabeth M. Tampost, who was dismissed from her job for searching passport records for information on Bill Clinton to help President George Bush's reelection, shared a Virginia town house during the campaign with Alize R. Glen, senior spokeswoman for the Bush-Quayle campaign.

Ms. Glen said of the search of Mr. Clinton's files that she and Ms. Tampost "never spoke about it once."

Because of their long work hours and regular travel, Ms. Glen said, "we never had more than three-minute conversations."

Ms. Glen said Thursday that she was not home on the evening of Sept. 30, when Ms. Tampost had an aide deliver the Clinton passport file to her at home and kept it overnight.

Ms. Glen's job was described in a Sept. 3 Bush-Quayle press release as deputy director for communications with "primary responsibility for daily coordination of research, tracking of statements, position

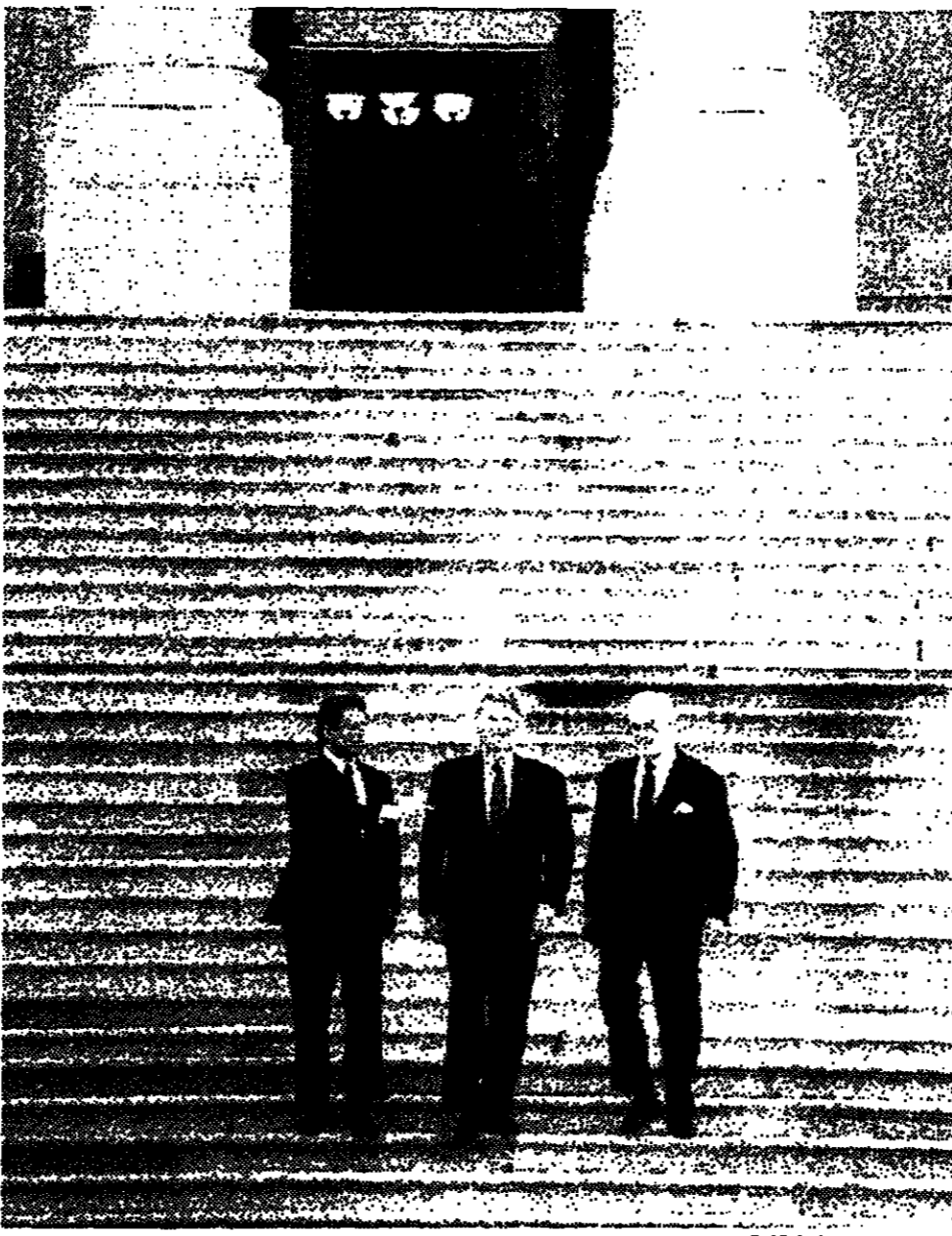
and other activities of the Clinton-Gore campaign." She led a "rapid response" team that disseminated to reporters sometimes negative information about Mr. Clinton.

One of the major issues in the passport affair is whether Ms. Tampost and other State Department officials involved in the search of Mr. Clinton's files acted under the direction or encouragement of individuals either in the White House or the Bush-Quayle campaign.

According to a report issued by the State Department inspector-general, Sherman K. Funk, an investigation found no evidence that the White House "or any other external source" had influenced the file searches. The report did not mention the relationship between Ms. Tampost and Ms. Glen.

An aide to Mr. Funk said Thursday that when Ms. Glen was interviewed by the inspector-general's office, the election was over and she no longer had a campaign job.

The aide added, however, that omitting Ms. Glen's role in the campaign from the report had probably been "a mistake."



Bill Clinton with Vice President-elect Al Gore, left, and the House speaker, Thomas S. Foley, leaving a meeting at the Capitol with leaders of Congress. The president-elect offered them an "open door."

Out With the Old, In With the Young

By B. Drummond Ayres Jr.
New York Times Service

WASHINGTON — The economy was not the only thing that went into decline under George Bush. When it came to partying, he turned out to be a real peeper, throwing only the required bushes, hardly ever venturing to the salons of Georgetown and hurrying off to Camp David on weekends.

That did not stop the partying, of course. But it set the tone for entertainment that was as soporific as a church supper, especially with drawing rooms filled with faces that had been hanging around Washington since Ronald Reagan, who imported old Hollywood buddies for his parties. Before that there was Jimmy Carter, who took a dim view of strong drink.

But take heart, Washington. With the Clintons, the new power couple, in town — just for a two-day "drop-by," — already the party pace is picking up.

Or, as Esther Coopersmith, a local socialite who hosts more than most, put it: "We've come alive! Alive! Alive!"

Consider: Thursday, Day 1. President-elect Bill Clinton and his wife, Hillary, had been in town only a few hours when they attended a fund-raiser for one of their favorite charities, the Children's Defense Fund, and then moved on to the home of Vernon E. Jordan, head of the Clinton transition team, for some power dining with the likes of Senator Bill Bradley, Democrat of New Jersey; Lane Kirkland, president of the AFL-CIO; Ronald H. Brown, chairman of the Democratic National Committee; and Ted Koppel, a journalist.

On Thursday night, Pamela Harriman, whose elegant Georgetown fund-raiser helped hold the Democratic Party together during the lean Reagan-Bush years, invited the Clintons for drinks and dinner, along with another group of legislators, culture mavens and journalists.

At both parties, people and reporters waited in the cold to see the guests arrive.

"It's been a long time since that kind of thing last happened," said Mary Hoyt, who served as Rosalynn Carter's friend-in-waiting and press secretary and who knows Washington at work and at play — not that there is any real difference.

"It's exciting, all the new faces and the energy and the comings and goings," Ms. Hoyt added. "The fact that the Clintons are getting out and about right at the start is a good sign that this town is springing back to life and ready to party."

Because the Democrats have been out in the political cold for so many years, they also have been out in the social cold. When you're out of power in Washington, you're off the party A-list, no matter your breeding, your school or your previous contribution to mankind.

Clinton Keeps Deficit Rise as Option

The Associated Press

LITTLE ROCK, Arkansas — President-elect Bill Clinton has not ruled out a short-term increase in the federal deficit if needed to revive the economy in January, a senior aide said Friday.

"The details have not been worked out," said the aide, George Stephanopoulos, Mr. Clinton's communications director.

Pressed on whether Mr. Clinton would be willing to drive up the deficit in the short run in order to get the economy moving, Mr. Stephanopoulos said that such an approach had not been ruled out.

In more immediate financial matters, the aide said the Clinton transition team expected trouble holding its costs within the \$3.5 billion provided by the government and planned to accept some private contributions.

Spokeswoman, Dee Dee Myers, said the \$3.5 billion to cover 10 weeks' worth of salaries, travel and office space was about what Mr. Clinton spent during one week of his presidential campaign.

Mr. Clinton and Vice President-elect Al Gore worked together in private Friday, talking about their meetings in Washington the previous two days. The president-elect brushed off questions about a

conversation between his transition director, Warren M. Christopher and Senator Lloyd Bentsen, Democrat of Texas, about the treasury secretary's post. Mr. Christopher had asked Mr. Bentsen, chairman of the Senate Finance Committee, if he wanted to be considered.

Mr. Clinton, asked if he were looking at Mr. Bentsen for the job, said with a laugh, "I look at him every time I go to Washington if I can."

On the stimulus package, Mr. Stephanopoulos said that Mr. Clinton had not settled on any specifics and has asked advisers for a list of policy options.

Mr. Clinton has indicated that if the economy is showing little growth by his inauguration Jan. 20, he will probably try to push through an immediate jobs package speeding federal dollars for road and bridge projects and giving tax breaks for business investment.

New federal spending — without any offsetting cuts — would drive up the deficit. But aides have argued that without economic growth the deficit would only get worse anyway.

Mr. Clinton and congressional leaders have agreed that any short-term stimulus package would have to be followed up with "stringent" deficit reduction efforts for the long run, Mr. Stephanopoulos said.

POLITICAL NOTES

Ideas for the Hard Task of Fixing Congress

WASHINGTON — Many Americans think congressional reform is easy: Freeze pay, cut staff, close the bank, close the gym, close the barber shop, get rid of the limos and limit the number of terms each lawmaker can serve. The hacks and public trough feeders will disappear, leaving behind a dedicated army of citizen-legislator worker bees.

Wrong, say a pair of Washington-based scholars. Reforming Congress is difficult, contentious and far more complicated than messing with what Thomas Mann of the Brookings Institution calls "cosmetic and symbolic" matters such as perquisites and term limits. Fix Congress properly, Mr. Mann said, and "over time, pressure for term limits will dissipate."

Mr. Mann and Norman J. Ornstein, of the American Enterprise Institute, have released the first of a series of reports on "Renewing Congress," a foundation-funded effort to examine closely and make recommendations for an institution that many Americans love to hate.

The project seeks to confront Congress's major structural failings: a diffuse power structure, proliferation of subcommittees, excessive staff, multiple obligations for members, wasted time and a lack of deliberation and real debate.

To attack the problem, the report focused on two types of systemic change: one that would tinker with power relationships within the House, and another that would cut and paste House structures in hopes of streamlining the whole.

The basic tenet, Mr. Ornstein said, is that "the power of party leaders must be strengthened" in order to enhance the House's ability to formulate an agenda and carry it through. The report proposes several changes that would consolidate more power in the hands of the House speaker or his designates and, in many cases, move it away from committee leaders.

On structural matters, the report took the line that the House could get along better with less: fewer subcommittees, smaller conference committees, fewer committee and subcommittee assignments. It also suggested that there be full-scale "Oxford-style" debate once or twice a week on what Mr. Mann described as "the larger issues of the day." (WP)

Quote-Unquote:

Barbara Bush, asked by reporters where she and President George Bush would rent a house while a new house was being built for them in Houston: "None of your business." (AP)

Comments Of Governor Spark a Cry Of Bigotry

By Ronald Smothers
New York Times Service

ATLANTA — The furor created by Governor Kirk Fordice of Mississippi, who said this week that the United States is a "Christian nation," has heated up as several Jewish groups called the remarks "un-American" and another called on the Republican Party leadership to repudiate the "divisive comments."

A spokesman for Mr. Fordice, as well as others present when he made his comments Tuesday, disputed the interpretations that appeared in several news accounts. And some Republican officials dismissed the controversy as the work of groups allied with the Democratic Party who had an interest in portraying the Republican Party as narrowly based.

Other top Republicans rushed to dispel any hint of intolerance, and by day's end Mr. Fordice had signed a conciliatory statement.

"When any sign of bigotry or intolerance is raised, we react quickly and forcefully," said a statement issued by Richard N. Bond, the Republican national chairman. "We reject any statement that demeans Americans on the basis of religious beliefs."

The statement did not mention Mr. Fordice by name, however, nor did it refer to his comments, which were made at a meeting of the Republican Governors Association.

Mr. Fordice's comments came as he discussed the Republican Party's future. He talked of the fact that, statistically, the vast majority of Americans considered themselves Christians.

This statistical fact did not infer intolerance or required adherence to a particular dogma, Mr. Fordice said, but he added that "the less we emphasize the Christian religion the further we fall into the abyss of poor character and chaos in the United States of America."

When Governor Carroll A. Campbell Jr. of South Carolina sought to amend Mr. Fordice's comments by substituting the word "Judeo-Christian" for "Christian," the Mississippi governor was heard to say, "If I wanted to do that I would have done it."

The communications director of the Republican National Committee, B. Jay Cooper, said that the statement had been made partly in response to a letter to Mr. Bond from the American Jewish Congress. Mr. Fordice's comments were said to imply that non-Christians must subscribe to Christian tenets, or find themselves "unwelcomed in the Republican Party."

An Apology

Mr. Fordice apologized for his remarks on Friday, and the rabbi at Mississippi's largest synagogue said he was satisfied. The Associated Press reported from Jackson, Mississippi.

"I deeply regret any offense that any Missisippians might have taken on my remarks," Mr. Fordice said in a statement. "I want us all to go together forward in our labors to bring character, high values and moral conduct into sharp focus in Mississippi."

Rabbi Steven Engel of the Beth Israel Congregation said after meeting with Mr. Fordice: "The governor realizes the mistake he made. I'm sure he'll be more careful in the future."



International understanding

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Away From Politics

- U.S. Roman Catholic bishops closed their twice-yearly meeting in Washington with a resolution voicing "profound concern" for people sexually abused by members of the clergy and recommending that bishops "respond promptly" to charges of such abuse in their dioceses.
- The Earthwinds around-the-world balloon flight has been grounded indefinitely because winds ripped apart a dome over the launching site and part of the inflatable craft. The double-balloon vessel, with a crew of two Americans and a Russian had planned to take off from Stead Airport north of Reno, Nevada, next week.
- The U.S. Episcopal Church has consecrated the second woman bishop in its history in an ancient rite at the Washington Cathedral. The Reverend Jane Holmes Dixon was elevated to the episcopacy, but as permitted by the liturgy, several individuals protested the event. Some opposed it because of Reverend Dixon's sex, some because she supports the ordination of homosexuals.
- Millions of elderly poor do not receive government health aid, food stamps and other safety-net benefits because of paperwork problems, lack of knowledge about eligibility, nitpicking regulations and restrictive eligibility rules, according to a study released by the American Association of Retired Persons. Some 34 percent to 44 percent receive food stamps and only 30 percent of the noninstitutionalized elderly poor get Medicaid, the study says.
- At the request of the National Aeronautics and Space Administration, the FBI is investigating possible criminal and national-security problems at NASA's Ames Research Center in Mountain View, California. The inquiry is a follow-up to an internal NASA review last summer that found what a NASA administrator called "a major, major indication of potential violations of national security."
- The New York mayor's office, facing contempt charges for leaving hundreds of homeless families to sleep in city offices, said it was being forced once again to expand the city's use of hotels to shelter the homeless. Deputy Mayor Cesar A. Perales said the city had little choice but to move as many as 80 families into two Upper West Side hotels after it completes several days of negotiations with the hotels' owners.
- Officials at the United Way charitable organization, wrestling with the effects of a sluggish economy and of the corrosive scandal this year, say they fear that 1992 will bring the sharpest decline in donations in more than 40 years. The United Way's former president, William Aramony, was forced out last winter after disclosures of his hefty expense accounts and the financial manipulations that created a series of profit-making spinoff organizations.
- New York transit police officers will begin new sensitivity training next week, the result of the shooting of a black undercover officer by two white colleagues who thought he was a mugger, the Transit Police Department has announced.

WP, LAT, AP, NYT

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A TRADE DEAL / PUTTING IT TO WORK

French Are Bitter Over Pact Farmer Unions Threaten to Resist Accord

By Alan Riding
New York Times Service

PARIS — By settling a bitter farm trade dispute with the United States, the European Community chose Friday to ignore strong French objections to the deal, but it still remains unclear whether France will now begin a new effort to overturn the agreement.

In its first response Friday night, France, which is Europe's largest exporter of farm products, remained critical.

"The conditions defined by the French government have not been fulfilled," said the agriculture minister, Jean-Pierre Soisson. "At first sight of this accord, I cannot accept it."

He would not say whether France would try to block the agreement, but he made clear the French view that the Community had made too many concessions to the United States to avert a brewing trade war and pave the way for resumption of global trade liberalization talks.

France's position is all the more complicated because it must now choose between angering its Community partners by demanding new negotiations and risking the ire of the country's 1 million farmers, who feel they have been sold out by the Community.

The EC's external affairs commissioner, Frans Andriessen, who helped work out the accord in Washington, tried late Friday to forestall a break with France.

"It's premature, before having seen the deal in its totality, to say it is unacceptable," he said.

Asked if the Community could go ahead without France, the Dutch commissioner replied: "I hope we can continue with the support of France."

Among major EC nations, though, France now stands alone. Prime Minister John Major of Britain, who pushed to revive the farm talks after they collapsed earlier this month, said the agreement would set the stage for a global trade package, which Germany and Italy also welcomed settlement of the dispute with Washington.

The turning point came earlier this month when Washington threatened to impose 200 percent punitive tariffs on EC exports valued at \$300 million in reprisal for the Community's refusal to cut back oilseed production. While France said the Community should threaten counter-reprisals, its partners opted for new negotiations.

"While France has suffered a major setback, however, it remains the



Frans Andriessen, EC external relations commissioner, reviewing agreement in Brussels. At left, Ray MacSharry, EC agriculture chief.

GATT: U.S. and EC, Retreating From Trade War, Reach Agreement

(Continued from page 1)

all hopes of ratifying the Maastricht treaty to advance EC integration.

Europe's steadily expanding yellow fields of rapeseed, mustard and other similar feed grains have been heavily subsidized for more than a decade, rising to as much as 13 million tons of output last year from less than 2 million in the early 1980s. The Community's refusal to reduce its subsidies led, in part, to the GATT rulings that they were illegal restraints on trade, cost more efficient American soybean growers as much as \$1 billion a year in lost sales.

Finally losing patience after negotiations in Chicago broke down on the same day in early November that Mr. Bush was defeated for reelection, Washington announced that it would impose punitive tariffs on \$300 million of farm goods, mostly white wine from France, Germany and Italy, on Dec. 5 unless the two sides reached a settlement.

Fear of a trade war with the United States threw the Community into disarray and forced Brussels back to the bargaining table despite French objections. The threat of sanctions, the chief U.S. trade representative, Carla A. Hills, said dryly, "may have had a therapeutic effect."

Washington, while backing

The End Of Uruguay Round Is In Sight

Compiled by Our Staff From Dispatches

GENEVA — A world trade treaty appears in sight with the resolution of the long-running trans-Atlantic dispute over farm subsidies, trade diplomats said Friday.

"We are still going to need some more difficult political decisions by the EC and the U.S. and from some of the other players in this game by the middle of December if we are going to finally crack this thing," a diplomat said.

If an accord is completed in December, negotiators said, it will take as long as two more months more to iron out technical details of a final text.

The General Agreement on Tariffs and Trade, which is overseeing the talks, said in a statement that the Geneva negotiating process could be started again "with a view to concluding" the current Uruguay Round.

An accord from the talks, which involve 100-plus nations, was launched at the Uruguay resort of Punta del Este but has been blocked for two years. The United States and the European Community have been quarreling over farm subsidies and pursuing a related squabble over oilseeds.

Analysts said the U.S.-EC deal announced Friday would still come under the scrutiny of U.S. farmers, whose views carry weight with Agriculture Secretary Edward R. Madigan.

The U.S. farm lobby was reportedly responsible for sinking talks in Brussels last month just as the two sides appeared on the verge of an agreement.

And trade experts said several smaller hurdles remained to be cleared before an overall GATT agreement was finally sealed.

The talks cover a wide range of trade in most goods, services and textiles.

Arthur J. Dunkel, the GATT director-general, who introduced his own draft "final act" in December after negotiators failed to agree on a text, has repeatedly reminded them that "nothing is agreed until everything is agreed."

The Uruguay Round is the eighth and most ambitious round of global trade negotiations since GATT was established in 1947. The seven previous rounds resulted in cuts of average tariffs on manufactured goods from more than 40 percent in the 1940s to less than 4 percent now, fueling major increases in world trade.

The current round involves further tariff cuts on manufactured goods and includes several important new areas previously excluded from GATT's efforts to lower trade barriers. These are agricultural products, textiles and clothing, and services such as banks, insurance companies, securities houses, telecommunications, and water and air transportation.

The Uruguay Round includes new rules for the binding settlement of trade disputes within the GATT framework, in an effort to put an end to national retaliation and counterretaliation.

There also would be attempts to prohibit such common protectionist measures as overly strict technical standards, subsidies, counter-vailing duties and regulations to shut foreign firms out of government contracts. (Reuters, AP)

U.S.-EC Pact: The Details

WASHINGTON — Details of the agreement reached between the United States and European Community:

- The European Community would limit oilseeds planting to 5.128 million hectares (12.666 million acres).
- The EC also would agree to mandatorily set aside 15 percent of the acreage the first year and at least 10 percent in subsequent years.
- That would leave EC production in future years between 8.5 million and 9.7 million tons, down from a peak in 1991 of 13 million tons, according to U.S. officials.
- The U.S. soybeans farm group wanted EC output restricted to below 9 million tons, and wanted a set cap on production.
- In broader farm trade issues under the General Agreement on Tariffs and Trade, sources said the tentative pact would call for a 21 percent cut in the volume of export subsidies and 36 percent spending cuts in export subsidies.

Bonn Aide Says U.K. Is 'Disaster' as EC Leader

Compiled by Our Staff From Dispatches

BONN — A leading German politician said Friday that Britain's presidency of the European Community was becoming a "disaster" because of its failure to tackle the problem of Denmark's rejection of the Maastricht treaty.

Günter Verheugen, chairman of the German parliament's new European affairs committee, said Britain's lack of leadership on the issue made it doubtful whether Community leaders would be able to resolve the Danish problem at their summit meeting in Edinburgh next month.

"We must criticize very sharply the fact that the British presidency is not in any way fulfilling its leading and coordinating function in resolving this question," Mr. Verheugen said.

"The British presidency in the second half of 1992 is turning out more and more to be a complete disaster for Europe."

France's industry and trade minister, Dominique Strauss-Kahn, who criticized London's position on negotiations with the United States on the General Agreement on Tariffs and Trade.

Mr. Strauss-Kahn said that he was "waiting impatiently for Dec. 31," when Britain hands over the rotating presidency to Denmark.

"In my view, it's the most disastrous I've experienced since I've been in government," he said of Britain's stint in the presidency. British officials dismissed the attacks.

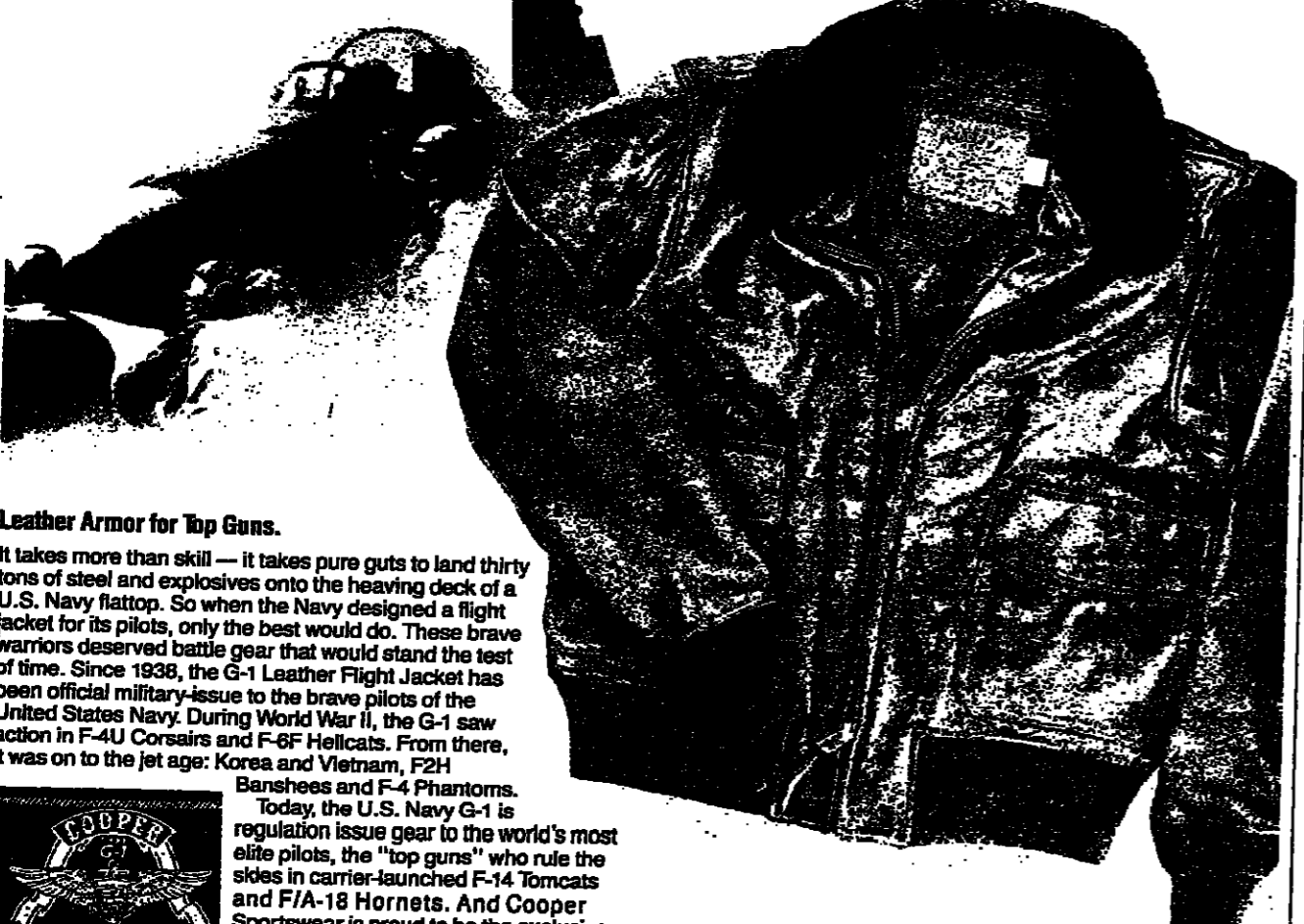
"You need to look below the surface," a senior official said. "In the run-up to Edinburgh there are a lot of issues that are outstanding. This does not mean they won't be resolved at the summit."

Danish voters rejected the Treaty on European Union in a referendum in June. The government wants the EC to let it opt out of key provisions such as a single currency and common defense policy in the hope that this will win popular backing for the treaty in a second referendum next year.

Mr. Verheugen said he did not rule out the possibility of a compromise formula being found to satisfy Denmark and its Community partners, but said this would be very difficult and time was short.

"Hence my massive criticism of the British presidency, which is simply letting this ticking bomb lie there for domestic political reasons," he said. (Reuters, AP)

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TRADE: Economy Needs to Heal

(Continued from page 1)

said David Hale, an economic historian who serves as chief economist at Kemper Financial Services in Chicago. "If successful, the Uruguay Round may be seen as ushering in a new age of capitalism."

"GATT, by default, has emerged as the primary institutional forum today for addressing the structural economic issues which will arise during the 1990s," Mr. Hale contends, "as Eastern Europe, Latin America, India, the former Soviet Union, and other formerly state-controlled economic systems return to the global marketplace for goods and capital."

Initially, however, a farm deal between the United States and Europe may produce some unpleasant side effects. While defusing the threat of a trade war, it is also likely to bring farmers in several European countries from the countryside to the streets of the cities in protest. If social unrest follows, political uncertainty could well rattle financial markets and undermine consumer confidence in Western Europe.

Many of the poorest nations of the world might also suffer an early setback. One of the most immediate effects of any trade agreement would be to curb production subsidies in Europe and the United States for a variety of basic agricultural goods, which would tend to lead to higher world prices for meats, grains, vegetable oils, and dairy products.

The OECD report acknowledges there would be "some notable losers, particularly among the poorest regions, such as sub-Saharan Africa. The losers can be broadly classified as net food-importers. They tend to import food commodities which [would be] increasing in price and to export food commodities which are decreasing in price: rice, coffee, cocoa, and, to some extent, fruits."

Most developing countries, however, particularly in Latin America and Asia, would be much better off with a GATT agreement. One of the biggest benefits would be the dismantling of the complex system of tariffs and quotas on textiles and clothing that would accelerate the shift of production to less-developed regions of the world.

The OECD estimates that the Third World would gain more than \$90 billion in additional annual income within a decade. That represents more than twice the official aid those countries receive and far outweighs the \$7 billion in trade losses concentrated in Africa. Multinational organizations should be capable of compensating the losers.

Industrial nations stand to reap substantial gains, but only slowly as the gradual elimination of barriers to trade and investment and added protection for creative material open up new markets for advanced goods and services, such as telecommunications, computer software, and entertainment.

For now, the most important consequence of the EC-U.S. breakthrough could be, like Sherlock Holmes's famous dog that did not bark in the night, what did not happen. By easing trade tensions that could easily have led to growing economic and political conflict, the world may have escaped a harsh fate.

Many Issues Remain on The Table

The Associated Press

GENEVA — Here are some of the remaining issues in world trade talks:

- Agriculture: Food-exporting nations such as Canada, Australia and Argentina want Europe to cut farm subsidies that squeeze small producers off world markets. They will not accept any U.S.-EC deal that excludes them. Japan and South Korea are fighting against plans to convert import barriers into customs duties. This would end their ban on rice imports.
- Services: The aim is to create standard rules to liberalize trade in commercial services like banking, tourism and transport. International trade in services is worth more than \$800 billion, and in industrial countries about half the labor force works in the service sector.
- Market access: The aim is to cut overall import tariffs by at least 30 percent and slash customs duties and other barriers on traditionally protected areas like textiles and clothing. Third World countries will not back an overall Uruguay Round deal if rich countries do not lower import barriers.
- Intellectual property rights: The aim is to draw up new rules to protect patents, trademarks and copyright against piracy. Washington says theft of American "ideas" cost it \$60 billion a year in lost export earnings.
- New rules: These include areas such as duties to prevent the unfair "dumping" of products on foreign markets.

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Deal on Testimony Ends Logjam by Japan Opposition

Compiled by Our Staff From Dispatches
TOKYO — Japan's governing party bowed to economic and political pressure on Friday and agreed to produce three key figures to testify in parliament on allegations of links with the Japanese underworld.

Mr. Kanemaru would respond to questions from his hospital bedside in a resort town south of Tokyo, where he is recuperating from eye surgery this week, the official said.



Prime Minister Kiichi Miyazawa bowing Friday before a parliamentary committee that opened debate after a two-week-long opposition boycott on legislation to finance an economic bailout plan. At left is Kaneko Muraoka, a Liberal Democratic Party member of the panel.

The decision paid off immediately, with opposition groups ending a two-week parliamentary boycott.

Mr. Kanemaru was forced to quit parliament but received only a token fine in mid-October amid public outrage over his admission that he took 500 million yen in illegal donations from the trucking company.

After an overnight all-party bargaining session, the governing Liberal Democratic Party agreed to present testimony next week by Shin Kanemaru, who until recently was Japan's most influential politician, former Prime Minister Noboru Takeshita and Hiroyasu Watanabe.

Mr. Watanabe is one of three former executives on trial for arranging illegal loans and loan guarantees, many of them for gangster-affiliated companies.

It is believed he directed some of the money into a slush fund to pay off influential politicians like Mr. Kanemaru and Mr. Takeshita in return for favors.

Mr. Yeltsin promised to "impose political pressure" on the Pyongyang regime to stop any nuclear weapons program there, and suggested strongly that Russia will no longer honor a 30-year-old Soviet pledge to defend North Korea in case of war.

Both Mr. Takeshita and Mr. Watanabe are expected to appear before the budget committee next Thursday, while testimony by Mr. Kanemaru would likely be produced the following day, an official of the governing party said.

Mr. Roh, in turn, agreed to reopen the flow of aid and investment funds from South Korea to Russia, giving Mr. Yeltsin some welcome economic news to carry home when he left Friday.

Bhutto Plans to Make 'Long March' by Train

KARACHI, Pakistan — Pakistani opposition leader Benazir Bhutto will transform her "long march" on Parliament to oust the government into a crusade by train across the length of the country, a spokesman said Friday.

Mr. Yeltsin's three-day visit confirmed the post-Cold-War alliances that are reshaping the politics of the Far East.

Mr. Roh, the first democratically elected president of South Korea, appeared somewhat less jovial, perhaps because he had been embarrassed Wednesday when his brother-in-law deserted the ruling party to endorse an opposition candidate for president.

Yeltsin Promises Roh to 'Pressure' North Korea

By T. R. Reid
Washington Post Service
SEOUL — At the close of a friendly visit in which new economic realities transcended old political alliances, Presidents Boris N. Yeltsin of Russia and Roh Tae Woo of South Korea signed agreements on Friday that will build new ties between their once-hostile countries and further isolate Communist North Korea.

South Korea had previously committed to a \$3 billion loan package, but disbursements were stopped after Russia defaulted on interest payments. This week, after Mr. Yeltsin "guaranteed" repayment and offered a token interest payment, South Korea agreed that the flow of funds would start again.

Mr. Yeltsin formally apologized for his country's support for the North during the Korean War, and promised to make public by next month a large library of Soviet documents on the war.

Mr. Yeltsin apologized profusely for the 1983 Korean Air Lines tragedy, in which a Soviet fighter jet shot down a KAL plane. In return, South Korea promised both financial and technological support to revive the Russian economy.

Mr. Yeltsin promised to "impose political pressure" on the Pyongyang regime to stop any nuclear weapons program there, and suggested strongly that Russia will no longer honor a 30-year-old Soviet pledge to defend North Korea in case of war.

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UN Orders Halt on Arms for Liberia

UNITED NATIONS, New York — The Security Council has imposed a mandatory arms embargo on Liberia in an effort to cut off weapons to rebel fighters battling a force sent in by West African nations.

The resolution, adopted by a 15-0 unanimous vote, was the council's first step toward involvement in Liberia.

Hubble Photos Offer 'Best Look' At a Black Hole

By Rudy Abramson
Los Angeles Times Service
WASHINGTON — Scientists using the Hubble Space Telescope have found the most compelling evidence yet for the existence of black holes.

material that is feeding the black hole, and it is almost certain that it is the spinning of this disk that provides the orientation of the two jets" of energy.

It is the best look we have ever had at the workings of the nuclear engine at the center of an active galaxy," said Walter J. Jaffe, an astronomer at the University of Leiden in the Netherlands.

As they presented their photo of the disk Thursday, Mr. Jaffe and National Aeronautics and Space Administration officials said that they might be able to confirm the existence of a black hole at its core as early as 1994, after NASA flies its scheduled 1993 mission to repair flaws in the Hubble's optics.

According to the theory, a black hole should form when intense pressure, such as a supernova explosion, makes an object extremely compact, resulting in a surface gravity so powerful that nothing can travel fast enough to escape.

Once the repair mission is flown, a "faint objects spectrometer" will be able to precisely determine the motion of stars in the galaxy and calculate the mass of the object at the center of the disk.

The disk, photographed by the space telescope, is at the core of an elliptical galaxy of 100 billion stars about 45 million light years from Earth in the galactic cluster Virgo.

"What is going to convince most people," he said, "is to actually know the speed of the stars in the very center of this galaxy. Then, using that measurement and Newton's laws of gravity, we can directly weigh the central object."



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CREATING THE RIGHT CHEMISTRY **AKZO**

OPINION

Herald Tribune

While Bosnians Die

The West Dithers

It took six months and 100,000 deaths in Bosnia for the United Nations finally to order a maritime blockade, backed by NATO, on Serbia...

was previously held up by rival gunners. And finally, UN troops could be deployed in Kosovo and Macedonia before the war spreads southward...

A Democratic Hope

It begins to dawn on people that a democratic future beckons in Yugoslavia. The "ethnic cleansing" practiced by Serbia's Slobodan Milosevic goes on daily adding more victims to the thousands killed...

ist here, and the federal prime minister. Milan Panic, the American industrialist. This is unfortunate but is not reason enough for the United Nations to reverse course on sanctions now...

America's Trade Deficit

While the American trade deficit seemed for several years to be improving, the trend reversed itself last winter. Now it is climbing again. Far from fading away, the trade deficit seems to be moving back up into the range of about \$100 billion a year...

out the other. Because Americans save little, there is not enough capital to pay for both private investment and the huge federal deficit. Although investment fell to a very low level in the recession, it does not seem to have fallen further this year...

White House Connection

The State Department report on the renouncing of Governor Bill Clinton's passport file reaches a distressing but obvious conclusion: that the search was politically motivated, aimed at influencing the election.

ceived a call on Sept. 30 from Elizabeth M. Tamposi, an assistant secretary of state and a political appointee — who was running the search. Miss Tutwiler did not take the call and did not return it.

When the Oppressor Was Accommodated

By Stephen S. Rosenfeld

WASHINGTON — Democratic Germany will surely strive to see that justice is served in the trial of the former East German Communist leader Erich Honecker for killings at the Berlin Wall...

This line holds that the Soviet bloc leadership made its own essential contribution to stability and peace in the Cold War. It follows that it is wrong to prosecute or otherwise blame people who, although ideological foes, were also partners of convenience.

A Taiwan Example for the Liberalization of China

By Ramon H. Myers

T AIPEI — Taiwan and China are still technically at war. Yet a spreading network of economic and personal ties has led to a striking improvement in their relations.

At the same time, beginning in November 1987, people from Taiwan were allowed to visit their families on the mainland. Today the extraordinary increase in trade, investment and exchanges of people between China and Taiwan reflects a great lowering of tensions.

Assad Has A Chance With Rabin

By William Safire

WASHINGTON — Having insulted journalists with misinformation for more than a decade, James Baker and his amazing leakage machine are down to their last pitiful squirt: that the cause of Middle East peace would best be served by appointing Mr. Baker and his "strongly pro-Israel" crowd as special envoys.

Here is where matters stand in the middle of Ronald Reagan's second term. Israel's new prime minister, Yitzhak Rabin, stands the world with two preemptive concessions — a political settlements freeze, a step toward statehood long demanded by George Bush and the Palestinians...

Europe Awaits Clinton, Who Has Other Problems

By William Pfaff

MARBELLA, Spain — There is a useful distinction to be drawn between good problems, those which come up in the course of any constructive enterprise, and bad problems, the destructive ones.

Europe as well, which has agricultural products as well as low-technology manufactures to sell, and not much else. Thus the Atlantic countries solve their good problems by creating bad ones for people whose troubles already are bad enough.

Blame a West European failure of vision and will.

that the Western countries are spending less time on the good problems and doing their best to dodge the bad ones, which they must need effort.

A Fresh Generation in Washington

By David S. Broder

WASHINGTON — Sometimes, seeing really is believing. For many it was the sight of the vanquished George Bush greeting the victorious Bill Clinton in the White House driveway Wednesday afternoon that brought home the magnitude of the change the voters had ordered two weeks before.

They are, like Mr. Clinton, without prior military service. Fewer than one in five of the freshmen has gone through that experience — a striking difference from the re-elected members of Congress, almost half of whom are veterans.

Blame a West European failure of vision and will.

torically welcomed but in practical matters rejected, these peoples will be driven to look after themselves selfishly and ruthlessly. The forces of national self-absorption, ethnic exclusion and national aggrandizement will mount in influence, as they already have in Serbia.

Blame a West European failure of vision and will.

Germany also has furnished 80 percent of Western aid to the ex-Communist countries — while the United States offers much advice, more often ideological than practical, and little money.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1892: China Unable

NEW YORK — The Admiralty Department at Washington hoped that the fleets of all nations would be represented in the naval demonstration to mark the celebration in honor of the discovery of America.

1917: French Eloquence

PARIS — Stirred to a high pitch of patriotic enthusiasm by a powerful speech delivered by M. Clemenceau, the Chamber of Deputies yesterday [Nov. 20] passed a resolution of confidence in the Government by 418 to 65.

1942: Crusade in Africa

LONDON — [From our New York edition:] Britain's 1st Army which, with allied American and French troops, is driving to oust the Axis from Tunisia, has adopted the medieval Crusaders' emblem of a cross and shield with the sword of St. George. It was adopted last summer by Lieutenant General Schwarzer, predecessor of the 1st Army's present commander, General Kenneth Anderson.

INTERNATIONAL HERALD TRIBUNE KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER Co-Chairman LEE W. HUEBNER, Publisher

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AMERICAN TOPICS

Doctor Makes a Strong Case For Fewer Heart Transplants... Many of the thousands of people waiting for heart transplants could probably become well enough to forgo surgery if their heart disease is treated aggressively...

Bush's Mother: A Guiding Hand

WASHINGTON — For President George Bush, a time of political loss has also become a time of personal grief... As his mother, Dorothy Walker Bush, 91, died Thursday, the president was deep in the melancholy task of preparing to turn over the keys of government to Bill Clinton...

Leslie Hotson, Elizabethan Scholar, Dies

By Wolfgang Saxon... Mr. Hotson gained recognition with his first book, "The Death of Christopher Marlowe," which chronicled the violent end of Shakespeare's greatest predecessor... Records Office allowed Mr. Hotson to document his killing Marlowe, why and how...



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ART

A Master on His Home Ground

By Roderick Conway Morris

BASSANO DEL GRAPPA, Italy — Now more famous as a producer of the liquor recalled by the latter part of its name, historically Bassano is above all renowned for the painter Jacopo Bassano, who died 400 years ago this year.

The anniversary is the occasion of an impressive exhibition of more than 100 paintings and drawings by Jacopo and the family studio — at Bassano's Museo Civico until Dec. 6, then Jan. 23 to April 25, at the Kimbell Art Museum, Fort Worth, Texas. The show is accompanied by an admirably informative and beautifully produced catalogue.

One of Italy's most attractive and spectacularly situated towns, Bassano is built astride the River Brenta where it pours out of a gorge from the craggy Dolomites onto the lush Venetian plain. Spanning the Brenta's flow — green and placid in summer, but a turbulent torrent in spring — is a majestic covered wooden bridge designed by the 16th-century architect Palladio.

Jacopo's father's house-studio, where Jacopo was born around 1510, was close by the bridge, and hence the family was known locally as "dal Ponte" (the appellation Bassano being applied only further afield when Jacopo's fame spread). The young Jacopo, who soon revealed that his gifts greatly exceeded those of his workmanlike, but decidedly provincial, father, visited Venice from time to time and won the friendship and esteem of his fellow artists there. But he never seems to have been tempted to abandon his birthplace permanently.

The artist's independence from metropolitan Venetian pressures, said Professor W. R. Rearick of the University of Maryland, the exhibi-

tion's American organizer, had a profound influence on his work. "He was always experimenting and improvising," said Rearick. "He never took the attitude, 'I must play the game. I must satisfy my patrons,' he simply didn't have to do this."

Another positive consequence of staying close to his roots was that he continued all his life to draw directly on personal observation and experience, giving his portrayal of nature and country life in particular a rare power and immediacy. At first, in conventional fashion, rural backdrops and peasant actors played a secondary role in the depiction of biblical events, but as time went on, the landscape and country folk going about their tasks often took center stage, and thus Jacopo established a whole new genre of pastoral painting.

The studio Jacopo inherited from his father remained a family business to an extent unparalleled by any other major Renaissance artistic workshop, his brother and later his children helping both with paintings and the relentless production of everyday craft goods for the local market — from religious banners and decorated candles, to shop signs and sculpted marzipan for parties. (The domestic facet of this teeming and industrious household, which eventually took over almost all the houses on their block by the bridge, is expanded upon in a separate exhibition, "The Family of Jacopo," at Bassano's Archivio di Stato, until Dec. 20).

The energetic and ambitious family nature of the enterprise, which helped raise the family from artisan status to that of honored citizens (exempted from paying local taxes), also had strange and tragic consequences. Francesco, outstandingly the most artistically talented of Jacopo's sons, moved to Venice and took over Fr-

ancesco's famous studio-residence in the north of the city after the old master's death. Receiving so many important commissions that, despite his father's regular visits to provide advice and support, Francesco was finally overwhelmed, he was apparently in a highly-wrought state when, one night, some unknown person began to beat on his door. Alone in the house and convinced that assassins had come to murder him, Francesco threw himself out of the window into the courtyard, and died of his injuries several months later, just a few weeks after his father succumbed to old age. Nevertheless, the Bassano studio went on cranking out "authentic" Bassano's for a good 50 years after the deaths of Jacopo and Francesco.

The upshot was that, though Jacopo was held in the highest regard by contemporary artists and buyers, and his works were internationally sought after for many years to come, overproduction and the sale of a plethora of often woefully inadequate studio pictures finally buried the jewels under an avalanche of dross.

SURVEYING the main hall of Bassano's Museo Civico, Rearick fondly reminisced about how he had bought his first Bassano as a schoolboy from two eccentric elderly sisters who ran an antique shop in his hometown for \$20.

This precocious hunch marked the beginning of a passionate pursuit and he and his Italian colleagues are now able to present a strikingly fresh reassessment of a painter for whom, in Rearick's words, "every painting was an adventure," and who "will once again surprise."

Roderick Conway Morris is based in Venice and writes for The New York Times and The Spectator.



Jacopo's "Fuga in Egitto" at the Museo Civico at Bassano del Grappa.

FOR SALE / SOLD

Paris charity: A sale of 133 couture dresses and accessories in Paris made 870,000 francs (\$161,111) for a children's charity, La Fondation pour l'Enfance. The outfits were collected by Anne-Aymone Giscard d'Estaing, wife of former President Valéry Giscard d'Estaing. The dresses included an evening dress donated by Olivier de Havilland, which was bought for \$1,000 francs by the Dior fashion house, which made it for the star in 1960. Another dress, which belonged to Princess Grace of Monaco, was sold for 40,000 francs. The sale drew buyers from Britain, the United States and Japan.

Sea trove: An 18th-century treasure of gold coins and ingots found off the coast of Uruguay in April will be auctioned in New York in March. Sotheby's said, adding it hoped it would bring more than \$2.5 million. The treasure, discovered by a salvage team off the coast of Montevideo, includes 1,650 gold coins, 320 silver coins, 40 gold ingots and two gold boxes. Sotheby's coins expert, Paul Song, estimated

the treasure would go for somewhere between \$2.5 million and \$3 million, despite initial estimates from the Uruguayan government after the discovery that it would sell for billions of dollars. Song said the actual value in gold and silver terms was even less, but that collectors might be willing to pay very highly for the rare coins, which date from 1744 to 1751. "The value is numismatic," Song said. "Some of these coins are probably the best known pieces that I've ever seen for this period. And they are in a mint condition."

Royal suit unsold: The Victoria and Albert Museum of London, which wanted to buy the 300-year-old embroidered wedding coat and breeches made for James, Duke of York, who became King James II in 1685, lost out after the price was raised on the eve of the auction, Christie's said. The suit remained unsold. The museum made the final bid from the floor of \$300,000 (about \$300,000). Aubrey Greene, Christie's spokesman, said the estimate was

raised on Monday to \$300,000, "which the museum had obviously not budgeted for and the suit remained unsold." The sum bid was a world record for any piece of costume, but the failure to sell means the record still stands at \$60,500, paid at Christie's in 1989 for a man's 17th-century doublet, a close-fitting jacket.

Heavy enamel: A pair of Japanese enamel vases bought for 50 pence at a village fête eight years ago fetched £19,800 at Sotheby's in London. The vases — made by Namikawa Sosuke, one of the greatest Japanese enamellers of the Meiji period (1868-1912) — were bought by a New York dealer in Oriental art. Hollywood vase: The wine cellar of the late actor Yul Brynner is estimated to fetch up to \$150,000 when it is sold on Dec. 3. Christie's in London said. The collection appears to have been built up during the 1950s, when the actor's Hollywood career was at its peak. A highlight is a case of Chateau Latour 1961, worth an estimated £250 to £300 a bottle.

SOTHEBY'S NEW YORK

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B



D



C

A Greek terracotta head of a Goddess, Rhodes or Asia Minor, circa early 5th Century B.C., height 8 1/2 in (21 cm.). Provenance: From the Collection of Sotheby Schimmel. To be sold in New York 16 December. Estimate: \$30,000-40,000.

C. ko-funari vase, circa 1660-1680, used all height: 11 1/2 in. (29.2 cm.). To be sold in New York 4 December. Estimate: \$15,000-20,000.

D. Faerno, Gabriello, Fabular centum ex antiquis auctoribus delectae, Rome, 1564. To be sold in New York 16 December. Estimate: \$4,000-6,000.

E. Charles I (1625-1649). Return to London, 1693, struck gold medal by Nicholas Briot. To be sold in New York 16 December. Estimate: \$8,000-12,000.

CALENDAR FOR DECEMBER

Table with 3 columns: Auction Number, Description, and Enquiries. Includes items like 'FINE CHINESE CERAMICS & WORKS OF ART', 'KOREAN WORKS OF ART', 'TRANSO ENERGY COMPANY COLLECTION', etc.

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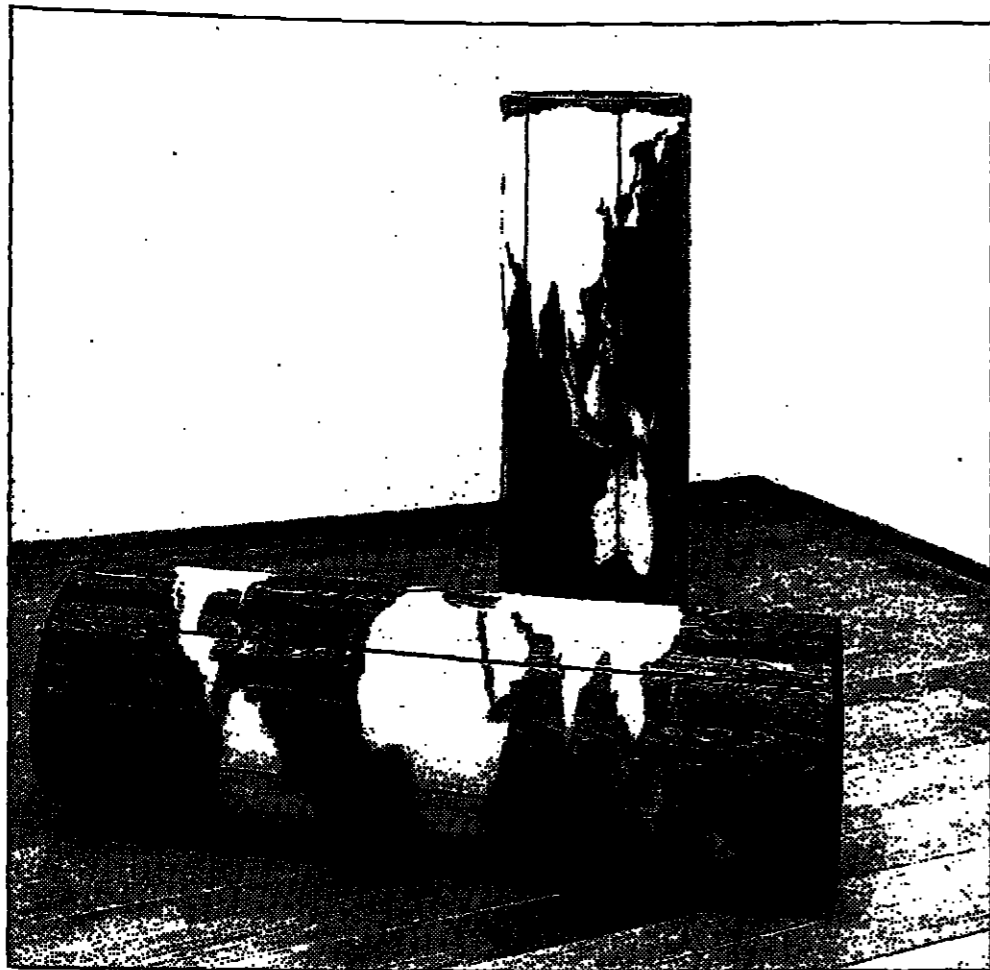
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Advertisement for Andre Hauser gallery, featuring 'ART EXHIBITION' and 'ANDRE HAUSER GALLERY'.



Among the unsold at Art Cologne, Christoph Rihs's "Weltbilder."

In Cologne, Cash Registers Mostly Failed to Ring Many Galleries Reassessing Art Fairs

By David Galloway

COLOGNE — The autumnal rites have once more drawn to a close...

Conspicuously missing, however, was the euphoria of previous years...

With a characteristic time lag, recession seemed to be taking its bite from a European market...

For New York's Paula Auschnitt Gallery, with a tried-and-true avant-garde program...

At 3,500 marks, sales were strong for the witty architectural sculptures of Wassilios Marjanov...

pared to write off the investment as public relations, but for others the fair could spell financial ruin...

Such projects are typical of Cologne's feeling that both galleries and artists must work more imaginatively...

Yet such strategies are accessible only to the privileged few, and these in turn are often burdened by an overpriced inventory...

Despite rumors of apocalypse, this was a fresh and youthful fair. For every old-timer conspicuously absent...

This time around, there were brisk sales for the old-masterly but tongue-in-cheek animal portraits of Karin Knäfel...

Contemporary Art Prices Rolling Back

THE great readjustment process is in full swing. It hit Contemporary Art in New York this week...

SOUREN MELIKIAN

all guns blazing on Tuesday night — two Cy Twomblys respectively valued at \$2 million to \$2.5 million...



At Sotheby's, Warhol's silkscreen of Marilyn Monroe went for \$3.74 million...

A frustrated auctioneer, thwarted over four ambitious lots, itches to sell. And sell he did when came Rauschenberg's \$1.75 million to \$2 million "Press..."

Malcolm Morley's "SS Amsterdam in Front of Rotterdam" followed. To simple-minded viewers, it looks like an outsized rendition...

There were nuances in the readjustment of some artists. Warhol's portrait of Jacqueline Kennedy Onassis...

church furniture of oak and formica. Pressing the point home, Sotheby's informs the reader that it is one of Artschwager's most daring sculptures...

CHRISTOPHER Wool's effort may not have been fully understood either. The artist carefully painted the word "RAT" in block letters three times...

Some will simply argue that the buyers who have come back to the market are conservative-minded. A few household names did stand their ground...

sold about 15 percent below the low estimate. "It was quite clear that, at a price, anything could be sold," he added...

In Geneva, the sales of jewelry organized by Sotheby's to follow the Thurn und Taxis auction and by Christie's as its regular fall sale...

Sotheby's sale on Wednesday totaled 33,253,000 Swiss francs (\$22.9 million) with a moderate failure rate by value...

Better when Christie's took over on Wednesday night, the real vigor of the market was confirmed a second time to the delight of professionals...

At Christie's, the Thursday sale scored a slightly larger total, 34,475,870 Swiss francs, and a higher failure rate by value...

A sensational success was scored with a rectangular-cut D flawless diamond ring weighing 35.07 carats...

In most cases, the prices match those of 1990 when the market stood at its high point. Unlike art, gems have been immune from the wildest excesses of speculation...



CHRISTIE'S auction in Monaco. A Private Collection of French Furniture and Objets d'Art.

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Friday, 27 November Rooms 3 & 6 at 2 p.m. OLD AND MODERN PAINTINGS, ART NOUVEAU, ART DECO...

Sunday, 29 November Room 12 at 2 p.m. BEAUTIFUL JEWELRY, CHOISON BARRE-ALLARD. 15, rue de la Grange Baudouin...

Monday, 30 November Room 7 at 9 p.m. "Tiers Aubin Lemaire's collection": PAINTINGS BY THE SCHOOL OF ROUEN...

Tuesday, 1 December Room 13 at 3 p.m. OLD DRAWINGS, MILLON-ROBERT. 19, rue de la Grange Baudouin...

Saturday, 5 December Room 9 at 2.15 p.m. PRIMITIVE ARTS, Africa, America, Oceania, Espagnols objets collection...

Monday, 7 December Room 4 at 2 p.m. PORTRAITS OF MUSICIANS, Collection of Isabelle Pourquet POUILLAIN-FULL...

Thursday, 10 December Room 8 at 2 p.m. JEWELRY, SHOW CASE OBJECTS, OLD AND MODERN GOLD-SMITH WORK...

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Friday, 14 December MODERN PAINTINGS, SCULPTURES, GLASSWORK, ROISGRARD. 2, rue de Provence...

Tuesday, 8 December IMPORTANT SET OF COLLECTION & HUNTING WEAPONS, BOISGRARD. 2, rue de Provence...

ART EXHIBITIONS PARIS ANDRE HAMBourg DRAWINGS 4 NOVEMBER - 23 DECEMBER 1992 GALERIE ETIENNE SASSI

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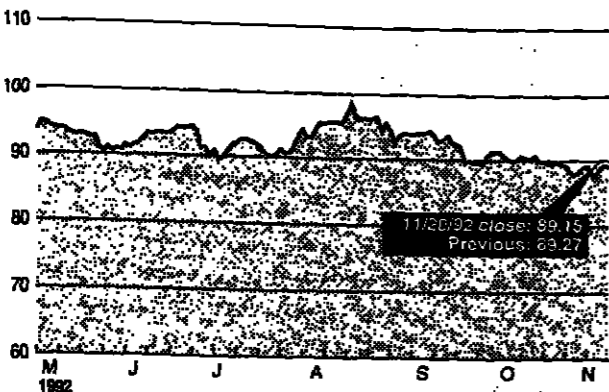
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CHRISTIE'S Auction in Monaco. A Private Collection of French Furniture and Objets d'Art. Auction at the Hotel Metropole Palace, Monaco 5 December 1992 at 3.00 p.m.

SCEAUX (Near Paris) FRANCE NEW AUCTION HOUSE. INAUGURATION SALE Sunday, December 13 at 2.30 p.m. OLD MASTER & MODERN PAINTINGS



THE TRIB INDEX: 89.15
International Herald Tribune World Stock Index



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland.

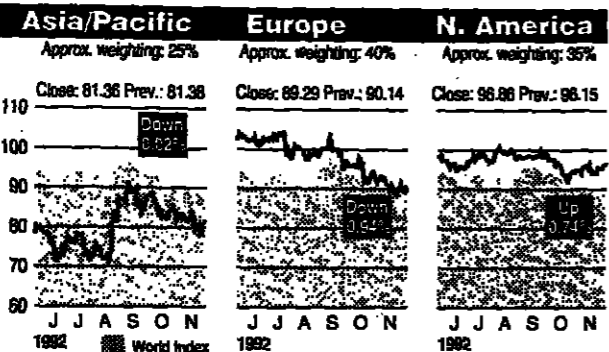


Table with 3 columns: Industrial Sectors, % Change, % Change. Rows include Energy, Utilities, Finance, Services, Capital Goods, Raw Materials, Consumer Goods, Miscellaneous.

Tokyo to Germans: No, Thanks

By Steven Brill
International Herald Tribune
TOKYO — When Germany's economics minister, Jürgen Möllemann, visited Japan's powerful business federation, Keidanren, on Friday, he asked its chairman to urge members to step up investment in Germany.

Spending to Fall Next Year
Bloomberg Business News
TOKYO — Japanese corporations plan to reduce capital spending in the coming business year by 1.5 percent from this year, the Ministry of International Trade and Industry said Friday.

Germany ranks fourth among European countries as an outlet for Japanese investment, with a cumulative figure between 1951 and 1991 of \$5.81 billion, or 1.6 percent of Japan's total foreign investment of \$352.4 billion.

Bundesbank To Keep Rates On Tight Leash

By Brandon Mitchener
International Herald Tribune
FRANKFURT — Germany's leading interest rates are on a tight leash and unlikely to rise or fall much in the near future, the Bundesbank president, Helmut Schlesinger, said Friday.

Under current conditions, the scope for interest-rate changes is in every direction small, Mr. Schlesinger told participants at a banking forum here.

Still, analysts said the Bundesbank had left itself wiggle room by explaining its reluctance to cut rates as a factor of domestic conditions and calling its flexibility "small" rather than nonexistent.

Rainer Marian, an analyst at Helaba Frankfurt, said. "The only chance to see lower rates before the spring is via a realignment."

German stocks fell in response to Mr. Schlesinger's remarks, with the DAX index slipping 6.89 points to finish at 1,544.76 in Frankfurt.

The Bundesbank also said in September that domestic conditions did not warrant lower interest rates at the time, analysts noted.

But rates were cut anyway, in order to please Germany's neighbors. "They were leashed upon," said Jeffrey West, an economist at IDEA in London.

ING Finds That Frugality Is a Virtue

Compiled by Our Staff From Dispatches
AMSTERDAM — Internationale Nederlanden Groep NV's dream of achieving a leading position in Europe's financial-services industry has been shattered by its aborted bid for Banque Bruxelles Lambert SA.

But analysts say the cash saved by a determination not to pay too much will serve ING well. "It's a blow to terms of strategy," said Richard Urwick, an analyst at London-based Fox, Pitt Kelton.

ING's form stance was rewarded Friday on the Amsterdam stock exchange as its shares climbed 1.60 guilders to 49.90 (\$28.25) in brisk trading.

Japan's Dairy Farmers Are Girding for Battle Over Butter and Milk

TOKYO — Dairy products will be the next battleground between Japanese and foreign farmers, with any GATT agreement making it increasingly hard to keep skim milk and butter out of Japan, officials and economists said on Friday.

A half-page advertisement in several newspapers in early November showed fresh-faced young farmers with their cows and pleaded: "Please, drink more fresh and safe Japan-made milk."

The advertisement, paid for by 55,000 local dairy farms, went on: "We want to encourage the young to stay in farming and carry on providing fresh and safe milk to the next generation. That is why we oppose liberalization of dairy-product imports."

Tokyo controls imports of skim-milk powder and butter through setting quotas that depend on the domestic supply situation.

Japan imported 37,700 tons of skim-milk powder and butter in the year that ended March 31, and has imported 17,000 tons of skim-milk powder since then, an Agriculture Ministry official said.

The foreign exporters are angry with the tone of the advertising campaign. "We are concerned by the fact that such methods of communication would lead readers to conclude that imported products are less safe," said Gérard Legris, farm counselor for the EC Commission in Tokyo.

The European Community is the biggest supplier of dairy products to Japan, totaling 38.52 billion yen (\$313 million) on 35 percent of imports in calendar 1991. Cheese is the major dairy import despite a 35 percent tariff.

"We have no intention of slandering or abusing foreign imports," a spokesman for the council said. "But we producers need to oppose imports and encourage consumers to drink locally produced milk."

Many Japanese believe foreign food contains pesticides, radioactive materials or other substances considered unhealthy.

In Japan, the Check Is With the Mail

By James Sterngold
New York Times Service
TOKYO — Japanese depositors, concerned over the financial health of the nation's banks and insurance companies, are flocking these institutions for the safety of the government-controlled postal savings and insurance systems.

Responding with an unusual public display of anger, Japan's financial institutions held a public rally Thursday to attack what they described as unfair competition.

On Friday, an official of the Japan Federation of Bankers' Associations said the banking industry would urge the Finance Ministry to head off efforts to expand the role of post offices in financial services.

The Ministry of Posts and Telecommunications is seeking to raise the ceiling for deposits by individuals in savings instruments offered at post offices from the current 10 million yen to 15 million yen (\$122,000), the official said.

Thursday's rally is a sign that the long-accepted direct role of the government in the economy will come under attack when the private sector finds its interests threatened.

The government's participation has brought complaints from the West that Japan operates under a different brand of capitalism.

Japan's deeply troubled commercial banks are losing deposits and seeing their assets shrink while they are struggling with a rising tide of bad loans.

But in the last 18 months the postal savings system, effectively the world's largest bank with more than \$1 trillion in deposits, has enjoyed a sharp increase in its deposits and, not least, its power.

Operating through nearly every small and large post office in the land, the postal savings system has absorbed and put in direct government control nearly one-third of the personal savings in Japan.

Bankers are angry over the growing level of deposits with the government-assisted postal savings system.

Even as Japanese industry recovered and prospered, however, the system remained in place and has thrived.

Most of the deposits from the postal savings and insurance systems end up in the hands of the Fiscal Investment and Loan Program, controlled by the Finance Ministry.

FILP, as it is known, finances a huge government-controlled financial apparatus. Much of this money is loaned to a range of government-affiliated lending institutions, such as the Japan Development Bank and the Export-Import Bank.

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ECONOMIC SCENE

Slow Reform to Save It, Russians Are Now Advised

By Peter Passel
New York Times Service
NEW YORK — Is Russia's dash for capitalism about to be derailed by mismanagement and a popular backlash? With inflation pushing 30 percent a month and hostile legislators poised to sabotage the transition plan when they convene next month, many analysts think it is time for reformers to beat a tactical retreat.

"There is no escape except to work with the gradualists," concluded Padma Desai, an economist with the Harriman Institute at Columbia University.

But President Boris N. Yeltsin's advisers from the West — in particular, Jeffrey Sachs — draw a starkly different conclusion. Mr. Sachs acknowledges that "the antibodies to change are stronger" in Russia than in Poland, where a parallel leap toward free markets is apparently succeeding.

The Harvard economist, however, puts much of the blame for Russia's wobbly start on an uncontrollable central bank, a shortage of hard currency worsened by penny-wise foreign donors and a "military-industrial complex" with disproportionate influence over legislators.

Russia's shock therapy is the most damning test yet of a prescription for rejuvenating state-dominated, inflation-prone economies. The idea is to break habits and expectations very quickly, stabilize prices, privatize property and create a secure framework for competitive markets before the old guard can mobilize.

Russian reformers, led by the acting prime minister, Yegor T. Gaidar, have certainly delivered the shock: "They've destroyed the old system" of production and distribution that functioned without markets, observed Richard Ericson, the director of the Harriman Institute. The question, though, is whether it has been therapeutic.

Most prices have been freed, blowing away the buying power accumulated in the Gorbachev years, which relieved enterprises of the job of finding customers, have been slashed. And Moscow is gearing to sell or give away three-quarters of publicly owned capital by the end of 1993.

But after some initial successes in cutting the budget deficit in the See REFORM, Page 13

SOME ECONOMISTS BELIEVE GAIDAR MUST WORK WITH THE GRADUALISTS.

Some economists believe Gaidar must work with the gradualists.

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CURRENCY & INTEREST RATES

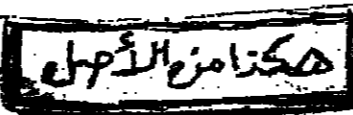
Table with columns: Cross Rates, Eurocurrency Deposits, Key Money Rates, Forward Rates. Includes various financial data points and interest rates.

Tokyo Meeting Of G-7 Is Set For July 7 to 9

TOKYO — Japan announced Friday that next year's meeting in Tokyo of the Group of Seven industrial nations would be held from July 7 to 9.

Tokyo Meeting Of G-7 Is Set For July 7 to 9

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MARKET DIARY

Economic Hopes Send Dow Higher

NEW YORK — Prices on the New York Stock Exchange rose Friday, as traders reassessed the prospects for a stronger U.S. economy and expressed relief that a trade war with the European Community had been avoided.

U.S. economy and corporate earnings will improve next year means that stocks are the place to be, said Abbe Couzza, strategist in stock-index futures at Lehman Brothers.

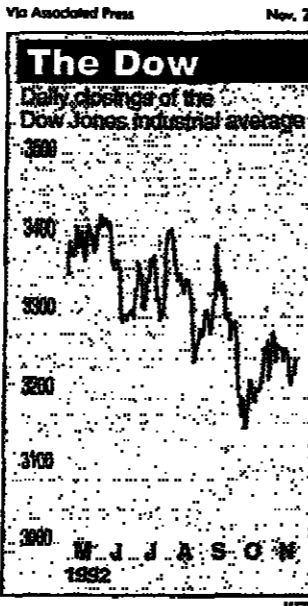


Table: Dow Jones Averages. Columns: Index, High, Low, Last, Change.

Table: Standard & Poor's Indexes. Columns: Index, High, Low, Last, Change.

Table: NYSE Indexes. Columns: Index, High, Low, Last, Change.

Table: NASDAQ Indexes. Columns: Index, High, Low, Last, Change.

Table: AMEX Stock Index. Columns: Index, High, Low, Last, Change.

Table: Dow Jones Bond Averages. Columns: Index, High, Low, Last, Change.

N.Y. Stocks rose 17.83 to close at 3,227.36, ending the week with a loss of 5.67 points.

Westinghouse Electric fell 1/2 to 9 3/4. Fitch Investors Service said it may lower its rating on \$4 billion of Westinghouse bonds and commercial paper.

Table: NYSE Most Actives. Columns: Vol, High, Low, Last, Chg.

Table: AMEX Most Actives. Columns: Vol, High, Low, Last, Chg.

Table: NYSE Diary. Columns: Index, High, Low, Last, Chg.

Table: Amex Diary. Columns: Index, High, Low, Last, Chg.

Table: NASDAQ Diary. Columns: Index, High, Low, Last, Chg.

Table: S&P 100 Index Options. Columns: Date, Index, High, Low, Last, Chg.

Table: N.Y.S.E. Odd-Lot Trading. Columns: Buy, Sales, Short.

TURMOIL: Realignment Looms

The fundamental problem for all of the EC countries whose currencies are in the exchange rate mechanism is the excessively high level of interest rates they are obliged to maintain in order to stay linked with the mark.

The burden on the other EC countries becomes increasingly heavy as growth slows and unemployment rises and waiting for the anticipated German rate cuts becomes politically intolerable.

Foreign Exchange

Foreign exchange rates rose at least another 5 percent reduction as necessary. The escudo is expected to drop by 7 percent and the punt by at least 5 percent.

The French franc weathered a massive attack in September with heavy support from the German central bank. But the key difference between now and two months ago is that the devaluations of sterling, the peseta and the lira have driven up the franc's effective exchange rate by almost 9 percent.

O&Y Seeks Time for New Plan

TORONTO — Olympia & York Developments Ltd., the embattled Canadian real estate group, said Friday it would ask a bankruptcy court for more time to file another restructuring plan.

U.S. FUTURES

Table: U.S. Futures. Columns: Season, High, Low, Open, High, Low, Close, Chg.

EUROPEAN FUTURES

Table: European Futures. Columns: Close, High, Low, Prev., Chg.

MONSANTO PLANS TO CUT 3,200 JOBS

ST. LOUIS, Missouri (Combined Dispatches) — Monsanto Co. said Friday that it would cut 3,200 jobs and consolidate, close or sell some businesses to save about \$200 million a year.

LTV TRIMS BACK PENSION SETTLEMENT

DALLAS (Bloomberg) — LTV Corp. said Friday that it had reached a new agreement with the federal pension insurance agency that would lower its initial repayment to its steel workers pension funds by \$100 million.

FREEPORT BUYING INTO ERCROS UNITS

MADRID (Reuters) — The troubled Spanish chemical group Ercros SA, controlled by the Kuwait Investment Office, said Friday that Freeport McMoran Inc. of the United States would take majority control of its fertilizers and mining divisions.

WORLD STOCK MARKETS

Table: World Stock Markets. Columns: Market, Index, High, Low, Last, Chg.

Table: World Stock Markets (Continued). Columns: Market, Index, High, Low, Last, Chg.

Table: World Stock Markets (Continued). Columns: Market, Index, High, Low, Last, Chg.

Table: World Stock Markets (Continued). Columns: Market, Index, High, Low, Last, Chg.

Table: World Stock Markets (Continued). Columns: Market, Index, High, Low, Last, Chg.

Table: World Stock Markets (Continued). Columns: Market, Index, High, Low, Last, Chg.

Advertisement for Thorn EM Spite of... and NYSE Friday a Closing... with various logos and text.

NASDAQ

Friday's Prices
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

High	Low	Stock	Div	Yld	PE	High	Low	Stock	Div	Yld	PE
24 1/4	24 1/8	ABBOTT	0.50	5.2	25	24 1/4	24 1/8	ABBOTT	0.50	5.2	25
18 3/4	18 1/2	ABBOTT	0.50	5.2	25	18 3/4	18 1/2	ABBOTT	0.50	5.2	25

High	Low	Stock	Div	Yld	PE	High	Low	Stock	Div	Yld	PE
112 1/4	112 1/8	ABBOTT	0.50	5.2	25	112 1/4	112 1/8	ABBOTT	0.50	5.2	25
112 1/4	112 1/8	ABBOTT	0.50	5.2	25	112 1/4	112 1/8	ABBOTT	0.50	5.2	25

High	Low	Stock	Div	Yld	PE	High	Low	Stock	Div	Yld	PE
112 1/4	112 1/8	ABBOTT	0.50	5.2	25	112 1/4	112 1/8	ABBOTT	0.50	5.2	25
112 1/4	112 1/8	ABBOTT	0.50	5.2	25	112 1/4	112 1/8	ABBOTT	0.50	5.2	25

High	Low	Stock	Div	Yld	PE	High	Low	Stock	Div	Yld	PE
112 1/4	112 1/8	ABBOTT	0.50	5.2	25	112 1/4	112 1/8	ABBOTT	0.50	5.2	25
112 1/4	112 1/8	ABBOTT	0.50	5.2	25	112 1/4	112 1/8	ABBOTT	0.50	5.2	25

High	Low	Stock	Div	Yld	PE	High	Low	Stock	Div	Yld	PE
112 1/4	112 1/8	ABBOTT	0.50	5.2	25	112 1/4	112 1/8	ABBOTT	0.50	5.2	25
112 1/4	112 1/8	ABBOTT	0.50	5.2	25	112 1/4	112 1/8	ABBOTT	0.50	5.2	25

CHIPS: U.S. Catches Up With Japanese in Global Semiconductor Market

(Continued from page 1)

White, a vice president for strategic planning at Motorola, the second biggest U.S. chip maker. "They pushed hard on trade issues, mainly to get us a bigger share of the Japanese market. They changed their thinking on some aspects of anti-trust, so our companies could form partnerships for research. They split the cost with the industry for Sematech."

Sematech is the government-industry consortium set up in 1987 to improve manufacturing technology. The crucial step in trade was the Reagan administration's agreement, essentially forced on Japan, to open its market. By last summer,

U.S. makers had won about 16 percent of Japanese sales and the pact was renegotiated for a further five years, maintaining the original aim of bolstering the U.S. share to 20 percent.

Even with the world in economic doldrums, the market for semiconductor products and manufacturing equipment is huge and growing. Total sales for 1992 will reach about \$58 billion, analysts say, and the global market is predicted to top \$100 billion by the middle of the decade.

In a crucial market where relatively small U.S. companies with names like Cyrix, Xilinx, Micron, and Zilog find themselves compet-

ing against behemoths like NEC Corp., Toshiba Corp. and Hitachi Ltd., the Americans are not declaring final victory yet. At the same time, semiconductor companies that dot the hills south of San Francisco, the industry watchword is a famous dictum of Intel's chairman, Andrew Grove: "Only the paranoid survive."

"Right now, it feels like we were down two touchdowns at half time and we've fought back to a one-point lead," said Tom Beaman of the U.S. Semiconductor Industry Association. "But when the Japanese economy turns around again, we're still going to have an enormous battle to stay ahead."

AMEX

Friday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

High	Low	Stock	Div	Yld	PE	High	Low	Stock	Div	Yld	PE
24 1/4	24 1/8	ABBOTT	0.50	5.2	25	24 1/4	24 1/8	ABBOTT	0.50	5.2	25
18 3/4	18 1/2	ABBOTT	0.50	5.2	25	18 3/4	18 1/2	ABBOTT	0.50	5.2	25

High	Low	Stock	Div	Yld	PE	High	Low	Stock	Div	Yld	PE
112 1/4	112 1/8	ABBOTT	0.50	5.2	25	112 1/4	112 1/8	ABBOTT	0.50	5.2	25
112 1/4	112 1/8	ABBOTT	0.50	5.2	25	112 1/4	112 1/8	ABBOTT	0.50	5.2	25

High	Low	Stock	Div	Yld	PE	High	Low	Stock	Div	Yld	PE
112 1/4	112 1/8	ABBOTT	0.50	5.2	25	112 1/4	112 1/8	ABBOTT	0.50	5.2	25
112 1/4	112 1/8	ABBOTT	0.50	5.2	25	112 1/4	112 1/8	ABBOTT	0.50	5.2	25

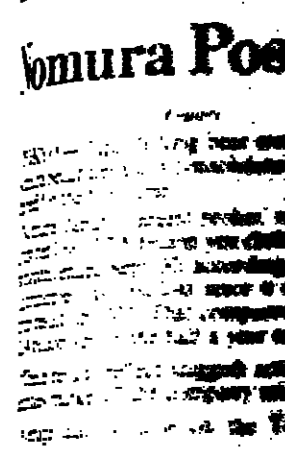
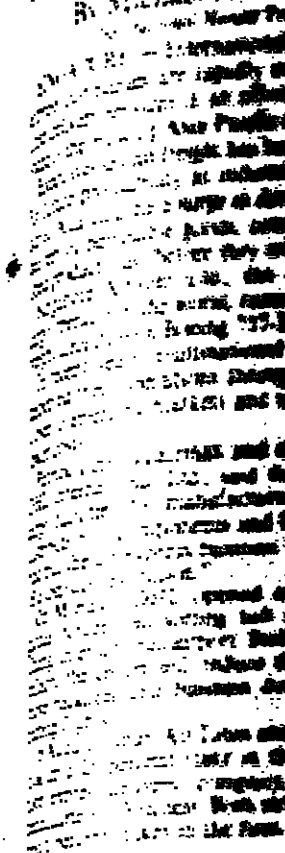
High	Low	Stock	Div	Yld	PE	High	Low	Stock	Div	Yld	PE
112 1/4	112 1/8	ABBOTT	0.50	5.2	25	112 1/4	112 1/8	ABBOTT	0.50	5.2	25
112 1/4	112 1/8	ABBOTT	0.50	5.2	25	112 1/4	112 1/8	ABBOTT	0.50	5.2	25

High	Low	Stock	Div	Yld	PE	High	Low	Stock	Div	Yld	PE
112 1/4	112 1/8	ABBOTT	0.50	5.2	25	112 1/4	112 1/8	ABBOTT	0.50	5.2	25
112 1/4	112 1/8	ABBOTT	0.50	5.2	25	112 1/4	112 1/8	ABBOTT	0.50	5.2	25

High	Low	Stock	Div	Yld	PE	High	Low	Stock	Div	Yld	PE
112 1/4	112 1/8	ABBOTT	0.50	5.2	25	112 1/4	112 1/8	ABBOTT	0.50	5.2	25
112 1/4	112 1/8	ABBOTT	0.50	5.2	25	112 1/4	112 1/8	ABBOTT	0.50	5.2	25

High	Low	Stock	Div	Yld	PE	High	Low	Stock	Div	Yld	PE
112 1/4	112 1/8	ABBOTT	0.50	5.2	25	112 1/4	112 1/8	ABBOTT	0.50	5.2	25
112 1/4	112 1/8	ABBOTT	0.50	5.2	25	112 1/4	112 1/8	ABBOTT	0.50	5.2	25

High	Low	Stock	Div	Yld	PE	High	Low	Stock	Div	Yld	PE
112 1/4	112 1/8	ABBOTT	0.50	5.2	25	112 1/4	112 1/8	ABBOTT	0.50	5.2	25
112 1/4	112 1/8	ABBOTT	0.50	5.2	25	112 1/4	112 1/8	ABBOTT	0.50	5.2	25



Omura logo and other text at the bottom of the page, including "Air Cargo" and "Omura" branding.

Air Cargo Gets Lift in Asia

Just-in-Time Delivery Shapes a 'Logistics Revolution'

By Michael Richardson
SINGAPORE - International airlines and air-cargo companies are rapidly expanding just-in-time delivery services in an effort to gain a larger share of the growing Asia-Pacific air-cargo market. Executives say air freight has become a key factor for future profitability as industrialization spreads across Asia, causing a surge in demand by firms for delivery of perishable goods, components and finished products just before they are required.

NTT Blames Competition For 34% Fall In Earnings

TOKYO - Nippon Telegraph & Telephone Corp. reported Friday a 34 percent slump in half-year profit, complaining of increased competition for long-distance phone calls.

Taiwan Downturn Laid to World Slump Export Pinch Slows Growth

TAIPEI - In a signal that the world downturn is gradually affecting Asia, Taiwan on Friday sharply lowered its estimates of economic growth for the third and fourth quarters, as well as for the first half of next year.

Investor's Asia

Table with columns: Index, Friday Close, Prev. Close, % Change. Rows include Hong Kong Hang Seng, Singapore Straits Times, Tokyo Nikkei 225, etc.

Very briefly:

- Hong Kong stocks held off the bears Friday amid a new flare-up in the war of words with China, this time over the new airport project, but analysts warned of more volatility in the days ahead.
Kabota Corp., the farm-machinery maker, said pretax profit in the first half fell 21.3 percent to 10.4 billion yen (\$84 million), from 13.3 billion yen; net profit rose to 2.11 billion yen, from 1.82 billion yen.

Nomura Posts Its First Loss Ever

TOKYO - Japan's long bear market has dragged Nomura Securities Co.'s consolidated operations into the red for the first time. Nomura, Japan's largest broker, reported Friday a group net loss of 7.5 billion yen (\$60.5 million) in the six months ended Sept. 30, according to U.S. accounting principles, its first loss since it started reporting group results in 1973. That compared with a profit of 22.14 billion yen in the half a year earlier.

Some analysts say NTT is eager to show how its profits are being squeezed. The Ministry of Posts and Telecommunications keeps a tight lid on pricing, and continually declining profits might lead to the ministry's permitting a rise.

China Bars New Exchanges

BEIJING - The government has imposed a three-year ban on opening any new stock exchanges, but is under increasing pressure to rethink the decision, an official newspaper reported Friday. The move was aimed at laying down a legal framework to standardize the country's stock markets, the China Daily said. The China Daily reported that officials from nine provinces and cities had applied for government approval to set up new exchanges. It also mentioned economists' warnings that the two current exchanges were "unable to stand the strain."

Large table titled 'INTERNATIONAL FUNDS' containing various fund names, categories, and financial data. Includes sub-sections like 'ADVERTISEMENT', 'LIPPO INVESTMENTS', 'MONEY MARKET FUNDS', etc.

For information on how to list your fund, fax Simon OSBORN on (33-1) 46 37 21 33.

THE MONEY REPORT

Saturday-Sunday, November 21-22, 1992 Page 16

FIRST COLUMN Eurobonds Go Regional A la Basque

EVER since the collapse of communism, investors in Europe have been waiting for the new world order to come to market. But looking to the East for new investment opportunities hasn't been very rewarding yet. Now comes an offer from an unusual source.

The Eurobond market this past week witnessed the first international debt offering from the Basque regional government in Spain. The Basques, who seek greater autonomy from the Spanish government, say they want investors to get to know them and plan to borrow even more in the future.

Although a first for the Basques, the issue isn't exactly unprecedented. Regional governments, such as Canada's provinces or Australia's states, have long sold bonds on the international market in their own name.

Those regions may not have their own independence-minded terrorist organizations, like the Basque region's ETA, but markets are supposed to be able to account for things like political risk.

Investment, after all, is all about choice. That was an easy fact to lose sight of not too long ago. Until last spring, advisers were steering money fast into Europe's high-yielding bond markets in what seemed like an easy one-way bet: Rates would fall to German levels as Europe sped toward economic and monetary union.

Now, bond buyers are spoiled for choice, and they will have to choose carefully. Sweden, Finland, Britain, Italy—all are borrowing heavily to repay their currency IOUs. In the wake of September's crisis, investors have to take a much closer look at the borrowers' economic performance, as well as their political stability. Not only are many governments shaky, but groups like the Lombard League in Italy, as well as some in the West as well as the East. Add to all this the knowledge that Hungary and Poland are preparing plans to tap Western investors with debt issues.

The emerging market of the 1990s, with all of the usual risks and potential rewards, might just be the bond market.

German Stocks: Is It Time to Buy?

By Philip Crawford

THE DAX index of German equities has recovered just mildly from the two free-falls it experienced between May and the end of September. Each day seems to bring more news of lowered earnings forecasts for blue-chip German companies. Some pundits are even predicting a deep and prolonged recession for the same economy that not long ago was widely perceived as a soon-to-be Euro-dominating juggernaut.

But part and parcel with doomsday scenarios, as investors well know, goes the false-outletting endeavor of trying to gauge the bottom of the market, the point where fundamentally sound stocks with encouraging prospects can be had at a good price.

Analysts of German equities, while of varying opinions regarding which stocks remain attractive amid the gloomy climate, nonetheless agree that some diamonds in the rough do exist for investors, however few and far between they may be. Many add that the prospects for German equities overall depend on whether the Bundesbank lends a stimulus by cutting interest rates again by early 1993, and also on the continued strengthening of the U.S. dollar against the Deutsche mark.

"If you look at the last three years, the German equity market has had a very strong correlation to the health of the dollar," said Jürgen Callies, European strategist for Bayerische Vereinsbank Group in Munich. "And lower interest rates in conjunction with a stronger dollar, which helps Germany's exports, should provide impetus, although that's going to take some time. In the

meantime, there are still some equities which show positive signs."

Although few market-watchers are high on the banking sector in general, Deutsche Bank AG is getting more than a few nods from analysts. Despite the slumping economy, first-half operating profits were up 2.6 percent over a year ago to 3.06 billion deutsche marks (\$1.92 billion). Moreover, the Munich-based banking giant has bought majority stakes this year in two German insurers, Deutsche Herold AG and Gerling Versicherungs AG, acquisitions which some analysts see as good long-term moves.

"Deutsche Bank is attractive primarily because of the security of its outstanding portfolio," said Jon Dugstad, an analyst with Barclays de Zoete Weid in Frankfurt. "It also has fundamentally the best balance sheet of the major banks."

In the automotive sector, a traditional German powerhouse both domestically and internationally, most of the news is bad. This past week, Daimler-Benz AG announced that its group net profit would drop by about 23 percent in 1992 to 1.5 billion marks, and further said that a work force reduction of about 40,000 is planned by the end of 1994. Both Volkswagen AG and Porsche AG have also had poor years.

The sole bright spot, and a recommendation of many analysts, is Bayerische Motoren Werke AG. BMW's worldwide unit sales have increased 9 percent to about 500,000 during this year's first 10 months, resulting in a 6 percent revenue increase to 25.5 billion marks over the same period in 1991. In the key U.S. market, 10-month sales rose a hefty 25 percent to about 54,700 cars.

"BMW is attractive," said Mark Edmiston, German market analyst at Goldman Sachs in London. "They're clearly bucking

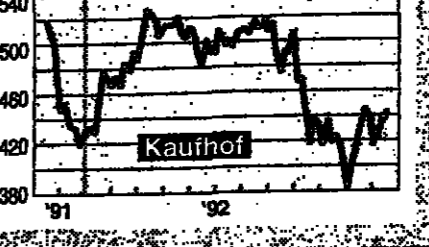
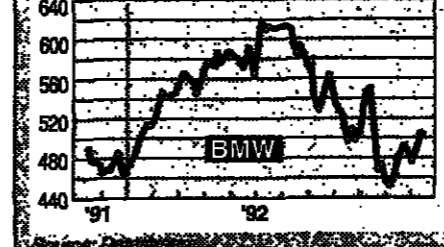
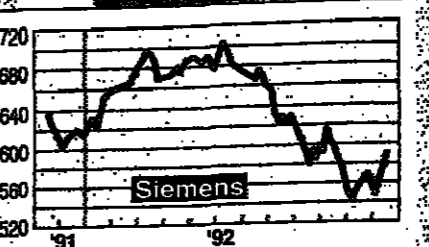
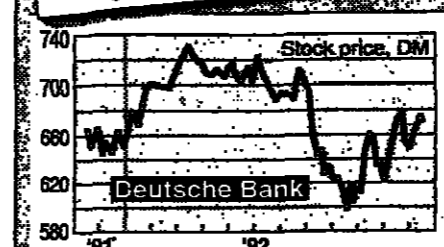
the downward trend for German auto-makers."

Some analysts like the prospects of German retailers, with department store giant Kaufhof AG and perfumery Douglas Holding AG being most frequently mentioned as good buys. Kaufhof's first-half sales rose 12.8 percent to 8.9 billion marks, and earnings per share have been estimated at 26 marks this year and 30 marks next year, compared with 23.8 marks in 1991. Douglas's operating profit was down for this year's first half, but sales were up 6 percent to 1.4 billion marks.

"German consumers are back in the shops and buying," said James Cornish, European market strategist at County NatWest Securities in London. "The retail sector as a whole was up 3.2 percent for the year ending in September, and the strong holiday season is upon us."

But another German market specialist, Frank Jonschat of Kleinwort Benson Securities, disagreed: "I think the retail sector will be flat in 1993," he said. "First of all, Germany is headed toward recession. Secondly, the VAT is going up one point to 15 percent on Jan. 1. This is not a time when consumers are inclined to rush out and buy things."

Mr. Jonschat said that the current best bets are companies which stand to benefit from investment in Eastern Germany, adding that he felt the electrical engineering and building sectors fell best under that rubric. Indeed, Siemens AG, the Munich-based electrical engineering and electronics giant, is being cited frequently by analysts as another company that is managing to navigate skillfully Germany's choppy economic waters. Last week, the company announced that net profit in the year ended Sept. 30 rose 9 percent to 1.95 billion marks, a perfor-



BRIEFCASE

French Fund Association Establishes Ethics Code

The industry group that sets standards of conduct for French fund management companies has established a code of ethical practice with 105 of its 165 member firms that could lead to a better shake for investors buying shares in their funds.

A report on the French Association of Portfolio Management Companies' code by the international law firm Clifford Chance identifies three main points:

- Portfolio managers must give clients the best possible information on their funds, particularly regarding their fees.
• Rules must be set up to identify transac-

tions for the management companies' own trading accounts.

• The companies will have to set up a system of rules designed to minimize the potential for conflict of interest. One of the provisions will be that managers must permanently protect their clients' interests.

The report notes that the code, which was encouraged by the regulatory Stock Exchange Commission, which is expected to officially endorse it, must have enough teeth to guarantee compliance as best as possible. Companies that break the code will either have the fact made public through the press or, in certain cases, will be expelled from the association.

Chicago to Offer Options On Small-Company Index

The Chicago Board Options Exchange said it would list short- and long-term options on the Russell 2,000 index of American small-capitalization stocks. The listing reflects the recent popularity of smaller companies. Since the start of 1991, the Russell index has risen 60 percent, twice the gain of Standard & Poor's index of 500 larger companies.

The issues in the index are the 1,000th through 3,000th biggest American stocks, notes Frank Russell Co., which developed it.

They have market values between \$22 million and \$400 million.

The CBOE also lists options on the S&P 500 and 100 and several other indices. As is the case with those, it is expected that the Russell index options will serve money managers looking for a means to hedge against adverse movements in their holdings, in this case portfolios of smaller stocks. It will also be used, no doubt, by speculators who want a leveraged bet on a movement in the index.

Shearson Offering Advice To Pension Plan Members

Shearson Lehman Brothers is becoming

the first financial services company to offer investment advice to individual participants in 401(k) plans, the pension accounts offered by many American businesses to their employees.

The program, called 401(k) Trak, allows participants to place their holdings in up to six portfolios among 12, which are divided roughly evenly among equity and fixed-income investments.

The plan "utilizes risk-tolerance analysis and state-of-the-art asset allocation techniques to make recommendations," Shearson says in a statement, "helping participants make intelligent choices based on their financial goals."

1992 The World's Rendezvous with Europe

On December 14th, the 32nd — and final — installment of the IHT's highly acclaimed series of advertising sections on the New Europe will focus on

THE SINGLE MARKET

- Among the topics to be covered:
• Views from the boardrooms of 10 leading companies and banks.
• Integrating the EC's neighbors to the east into the single-market process.
• The implementation of EC decisions.
• Measuring the progress in key sectors and issues targeted under the 1992 program.
• A look at what remains of Comecon and ties to the former Soviet Union.

For advertising information, please call Juanita Caspari in Paris at (33-1) 46 37 93 76.

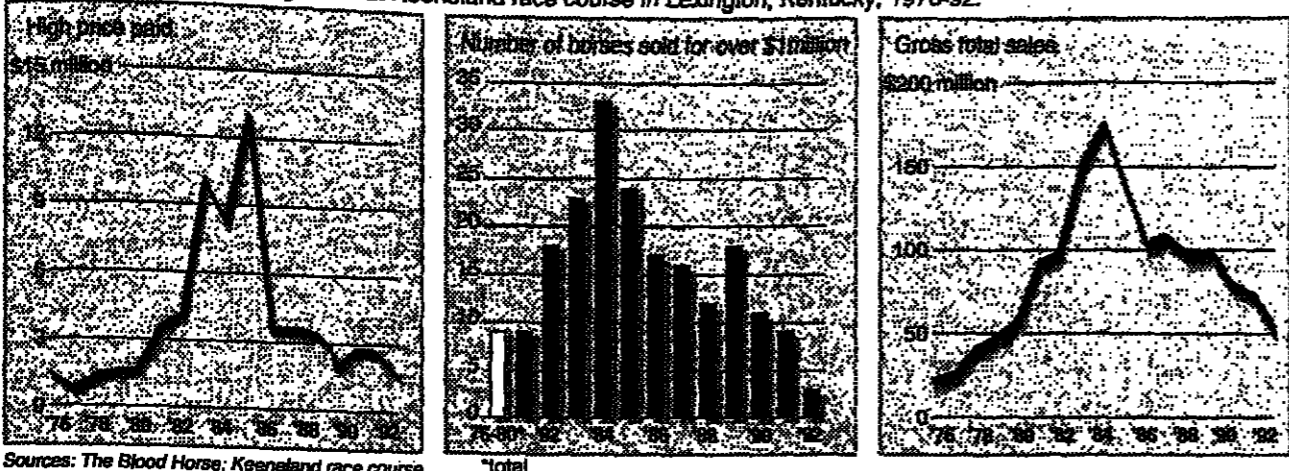
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THE MONEY REPORT

Thoroughbred Performance

Results of the July yearling sales at Keeneland race course in Lexington, Kentucky, 1978-92.



Sources: The Blood Horse; Keeneland race course.

Share the Horse and the Handicap

Recession and War Have Trimmed Prices on Racing Stock

By Aline Sullivan

FEW INVESTMENTS generate as much excitement as owning a racehorse. For private investors who regard buying a whole animal as too heavy an expense, the option of buying a part share has rarely looked more attractive.

spread the risk and expense of the horse, said Mr. Hickey in a guide to equine syndicates. "It can also enable investors to purchase interests in several horses, thereby increasing the chances of success."

"The great thing would be to own a stallion that wins races and then is let out for stud," said Mr. Seel. "Those horses make millions."

U.K. Mutual Funds Cut the Risks

By Rupert Bruce

THE HEADY days when Prime Minister Margaret Thatcher's government talked of turning Britain into a nation of shareowners are gone, and now even mutual fund companies are finding there is little demand among investors for their traditional equity funds.

Its cash unit trust, which offers an interest rate of 8.4 percent gross, has been revamped to make it simpler, and now has a checkbook; the Luxembourg-based Fidelity Funds range of bond funds has had its charges reduced and has been heavily promoted; and, within the last month, Fidelity has launched a new type of fund called the Stabilizer Growth Range.

because it aims to ensure that investors get all their capital back, regardless of whether the underlying U.K. stock market has fallen, at the end of each quarter. It also aims to capture 60 percent of any rise in the FT-SE 100 index.

Charges on Downward Spiral

International Herald Tribune

HAND IN hand with the tough times being faced by Britain's mutual fund business is a downward movement in charges.

The bond fund initiative has been copied by many other managers. Jack Springman of Guinness Flight, a well-known bond fund manager that followed Fidelity's initiative, said: "I think that when people take a high level of risk they are willing to pay a high charge because they are looking for a high level of return. We felt that people's perception was that you would never get that sparking a return on bonds."

3 percent and fall to nothing over three years. Quite how aggressively British unit trust companies will compete on charges is difficult to judge. Peter Pearson Lund, managing director of Gartmore Fund Managers, said: "I think there is a danger that at this stage in the [business] cycle, with a reducing number of participants, that the remainder try and outbid each other for business."

Tracking the Issue of Stock Indexation

By Karina Robinson

TALK TO fund managers about indexation and the light of the zealot appears in their eyes. They are either strongly for or strongly against it, but new developments mean there is room for compromise.

going to lose money. Indexation only solves stock selection, not asset allocation. Global indexed funds, especially, will have that problem. James Chalmer, a director at the London-based investment advisers Emriage, mentioned the case of Japan.

The situation is very different in Continental Europe. Hans Kaufmann, strategist at Bank Julius Baer in Zurich, said: "We are five years behind the Anglo-Saxons. In Switzerland, there is only the SBC 100 fund, otherwise it is very unpopular. But several banks are thinking of creating indexed funds."

Indexation is most popular in the United States. From 30 percent to 35 percent of U.S. pension funds are indexed.

Indexed country funds are a different beast. International fund managers are taking a positive long-term view on, say, the Thai stock market. But where the less mature markets are concerned, a different view is held by the proponents of active stock picking such as Mark Breddon, portfolio manager of Alliance Capital's Spain Fund.

Indexation is most popular in the United States. From 30 percent to 35 percent of U.S. pension funds are indexed compared with 22 percent in Britain. Figures from BZW Investment Management provide a succinct example of growth in Britain. In 1982, they had no indexed funds; in 1988, they had £2 billion, and this year they have £11 billion.

Optimization involves minimizing the risk of divergence. Most index-tracking funds diverge less than 1 percent from the benchmark index chosen. By folding in those extra stocks the Morgan Stanley client was bullish on, the possible gains over the benchmark index were larger than possible on a purely index-tracking fund. But the downside was also limited, in this example to 3 percent.

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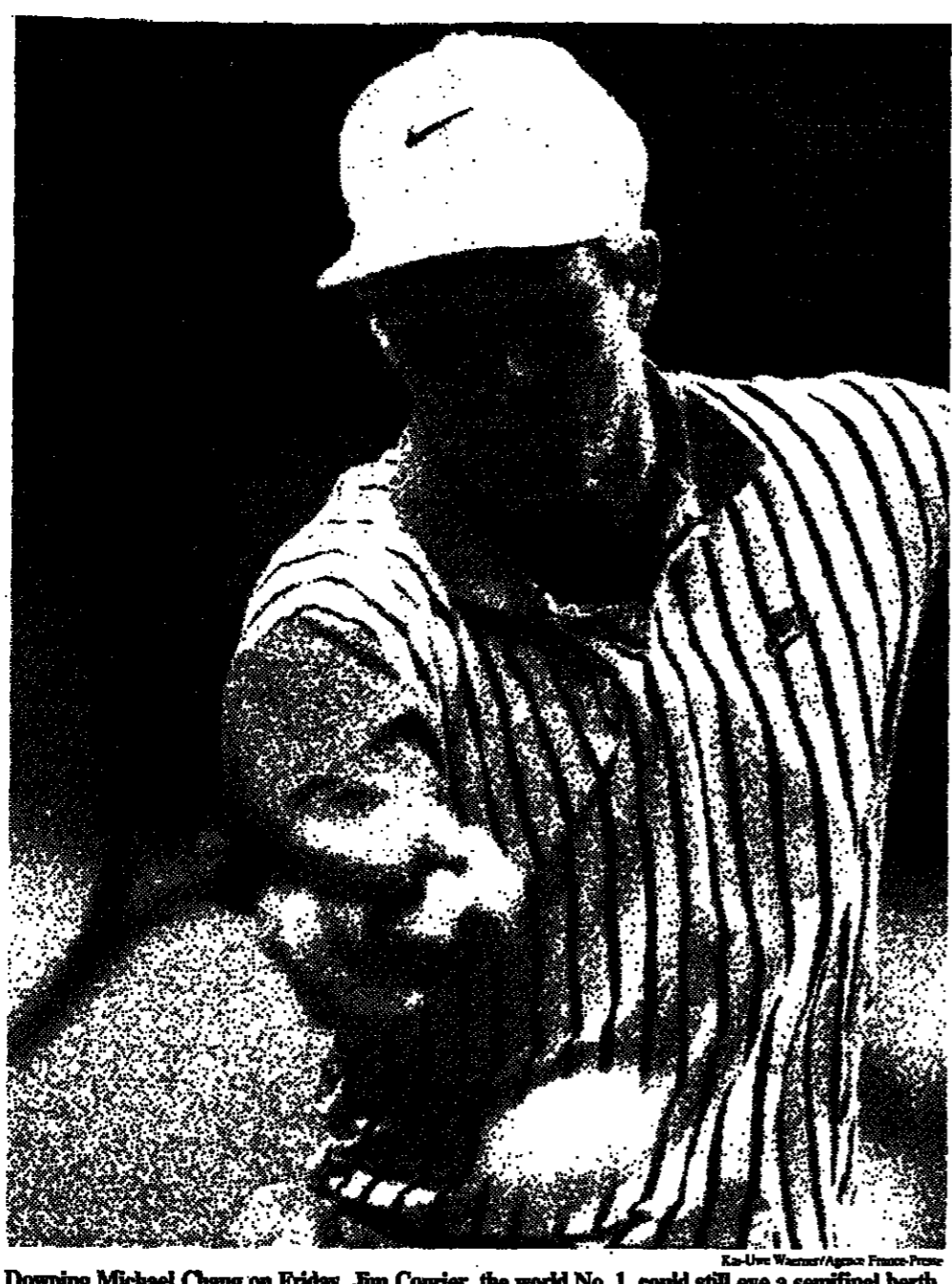
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SPORTS TENNIS

Navratilova And Seles Advance to Slims Semis

NEW YORK — Monica Seles said she was lucky. Martina Navratilova said she forgot to attack. Whatever, they both made it to the semifinals of the Virginia Slims Championships...



Downing Michael Chang on Friday, Jim Courier, the world No. 1, could still eye a semifinal berth.

ATP Battles, but Few Casualties Among World's Top 8 Players, Down Doesn't Mean Out

By Ian Thomsen International Herald Tribune FRANKFURT — We interrupt our broadcast for this special report: Petr Korda has been eliminated from contention and therefore will not advance to the final of the ATP Tour World Championship...

Courier Year-End Best As Edberg Is Trounced

FRANKFURT — Jim Courier on Friday became the first American to earn the No. 1 year-end ranking since John McEnroe in 1984. He claimed the honor when his rival, No. 2 Stefan Edberg, was trounced 6-4, 6-0 by No. 7 Boris Becker...

would have to win at least one round-robin match in order to advance to the semifinals and be appointed a confident. Even after his opening loss in straight sets to No. 2 Stefan Edberg, Korda said, "I was very close today and just I need to be a little bit more lucky."

Measure of O'Neal's Stature: Wilt Wants a Look

By Harvey Araton New York Times Service NEW YORK — Just how big is Shaquille O'Neal? Seven feet one inch and 301 pounds only begin to measure and weigh the immediate impact of this enormous young man...

Jackson and Clippers In Post-Trade Victory

Mark Jackson's ball-handling helped orchestrate a victory for the Los Angeles Clippers against the visiting New York Knicks in a wild matchup of former teammates. Jackson scored seven points in a decisive 15-1 fourth-quarter rally...

NBA HIGHLIGHTS

BUENOS AIRES — Argentina's basketball team won its first gold medal in 1992, defeating the United States in the final of the Olympic tournament...

SIDELINES

German Body Upholds Krabbe Ban

DIERHAGEN, Germany (AP) — The German track federation decided on Friday to follow international rules requiring a four-year suspension for the world sprint champion Katrin Krabbe because she had taken a banned drug...

Coast Guard Ends Search for Sailor

NEW YORK (NYT) — The U.S. Coast Guard on Thursday called off its search for Mike Plant, a prominent solo sailor, noting that an aerial survey of more than 200,000 square miles in the Atlantic Ocean over six days had turned up no signs of him...

Rosen Quits as President of Giants

SAN FRANCISCO (AP) — Al Rosen, president and general manager of the San Francisco Giants, resigned Friday to allow a new group of owners to select their own team leaders. A tearful Rosen told a news conference at Candlestick Park that he felt it was best that he step aside...

For the Record

David Peoples, the overnight leader, birdied the final hole on Friday for a 70 to retain his lead in the second round of the Dunlop Phoenix golf tournament in Miyazaki, Japan. The International Rugby Board insisted on Friday that the World Cup would go ahead in South Africa as planned in 1995 despite the uncertain political future in the republic.

SCOREBOARD

Table with columns for BASKETBALL, HOCKEY, and BASEBALL, listing various sports events and scores.

Table with columns for THURSDAY'S RESULTS and FRIDAY'S RESULTS, listing sports events and scores.

TRANSACTIONS

BASEBALL — National Baseball Association BOSTON — Signed Kevin Millar, forward-center. Activated Kevin Millar, forward-center...

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DAVE BARRY

Building a Rumba Box

Miami — Today's scary topic for parents is: What Your Children Do When You're Not Home. I have here a letter from Buffalo working mom Judy Price concerning her 14-year-old son, David, who should certainly know better. Judy states that one day when she came home from work, David met her outside and said: "Hi, Mom. Are you going in?" This is a bad sign, parents. Judy says she considered replying, "No, I thought I'd just stay here in the car all night and pull away for work in the morning." The actual would have been a wise idea. Instead, she went inside where she found a large black circle burned into the middle of her kitchen counter. "DAVID!" she screamed. "WHAT WERE YOU COOKING?" The soft, timid reply came back: "A baseball."

French Academy: Getting Words Right

Dictionary: A book dealing with the individual words of a language (or certain specified classes of them), so as to set forth their orthography, pronunciation, signification and use, their synonyms, derivation and history, or at least some of these facts: for convenience of reference, the words are arranged in some stated order, now, in most languages, alphabetically; and in larger dictionaries the information given is illustrated by quotations from literature, a word-book, vocabulary or lexicon.

The Oxford English Dictionary. Dictionnaire: Recueil methodique de mots ranges le plus souvent dans l'ordre alphabetique. Dictionary of the Academie Francaise By Barry James International Herald Tribune

PARIS — When it comes to dictionaries, the Oxford English is like a battleship. That of the Academie Francaise, the first volume of which has just been re-edited after a 60-year gap, is by comparison a swift corvette, in which economy of means and elegance of expression count equally with accuracy of definition.

Volume 1, A-Enzyne, is about to reach the bookstores. It is hoped that the remaining two volumes will follow at three-year intervals, although for the impatient, the academy plans to publish its work in fascicles as and when it is completed.

An entirely new edition of the dictionary comes with the infrequency of a comet, according to the academy's permanent secretary, Maurice Druon, and its appearance is therefore an important event on the national publishing scene. This is only the ninth edition since the work came out in 1694 on the instructions of the Cardinal Richelieu.

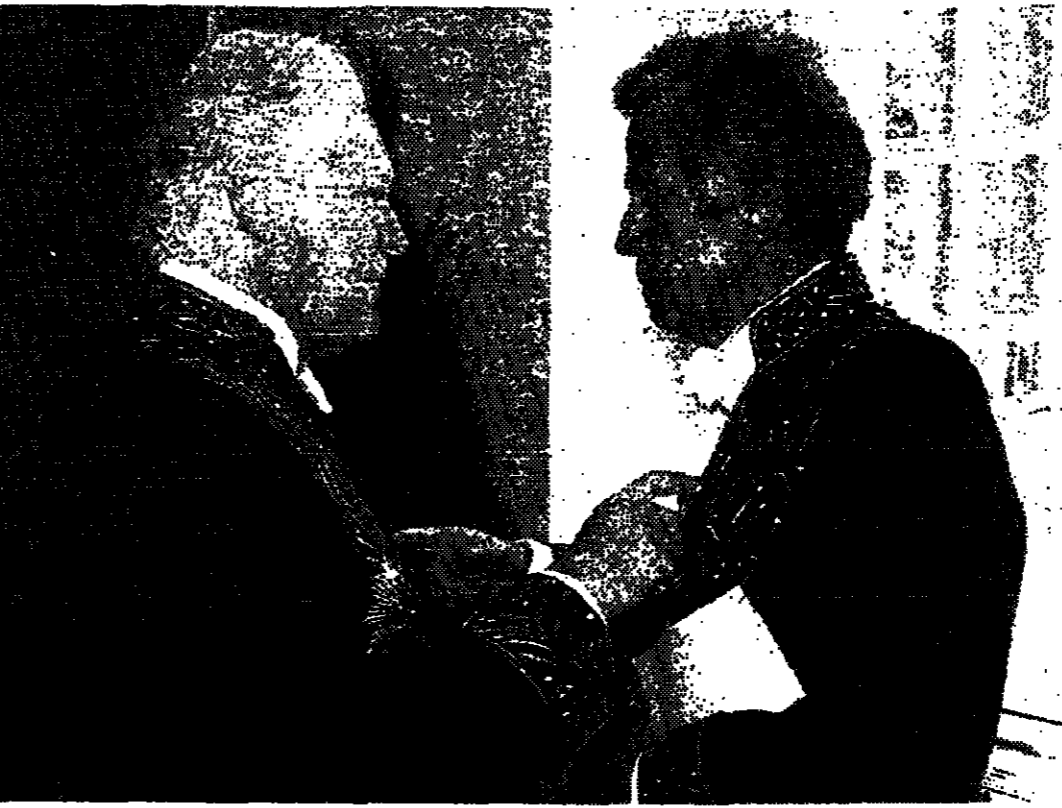
The academy's statutes give it responsibility for establishing rules for the language, "rendering it pure, eloquent and capable of expressing the arts and the sciences."

A piece of really bad French? Druon threw up his hands at an example of European recently quoted by Umberto Eco: "La plus speedy du Pizze." Druon said that honest English neologisms pose less of a threat to the language than such "denaturing" and tortuous constructions from the advertising world.

On the other hand, he cited "frotte-manche" — literally, a sleeve stroker, meaning a flatterer — as the kind of expression that adds richness and color to the language, and that will almost certainly find a place in the next volume of the dictionary.

In deciding what is allowed to enter the accredited language, the academy avoids the ephemeral — what Druon called words "that push up like mushrooms and disappear with the rising of the sun" — while striving to make the dictionary as accurate a reflection as possible of the contemporary language.

The academy embodies a distinctly French view on the role of language in thought and philosophy. English is like an English garden, where the roses ramble where they



The Academie Francaise's permanent secretary, Maurice Druon (left), and academician Jean-Denis Bredin.

The real enemies are those writers who dot their prose with foreign affections to "decorate" inconspicuously," said Druon. Quoting in English from H.W. Fowler's Dictionary of Modern English Usage, they are like those inferior English writers who slip in a "zut alors" or "sacre bleu" every time they want to establish a bit of French atmosphere.

But when Stendhal used the phrase "the happy few," would you reproach him for that? Druon asked. A piece of really bad French? Druon threw up his hands at an example of European recently quoted by Umberto Eco: "La plus speedy du Pizze." Druon said that honest English neologisms pose less of a threat to the language than such "denaturing" and tortuous constructions from the advertising world.

On the other hand, he cited "frotte-manche" — literally, a sleeve stroker, meaning a flatterer — as the kind of expression that adds richness and color to the language, and that will almost certainly find a place in the next volume of the dictionary.

In deciding what is allowed to enter the accredited language, the academy avoids the ephemeral — what Druon called words "that push up like mushrooms and disappear with the rising of the sun" — while striving to make the dictionary as accurate a reflection as possible of the contemporary language.

The academy embodies a distinctly French view on the role of language in thought and philosophy. English is like an English garden, where the roses ramble where they

French is like the grounds of Versailles, where every tree lines up as if on military parade. There is nothing new in this. One need only compare the lavish language that Shakespeare used, much of it borrowed from French, with the controlled classical discipline of Corneille and Racine.

The linguist Ferdinand de Saussure pointed out the arbitrary relation between a word and the concept it signifies, a structuralist idea that Druon supports. "We create a word in naming it," he said. "The reality of a thing does not exist for men until it has a word."

It is for this reason, he said, that the dictionary aims not to capture language on the fly, but to encapsulate it in a framework of logic, clarity and simplicity. The dictionary, Druon added, is "a contribution to the task of maintaining French as a great universal language."

This has been a good year for dictionaries. The Royal Spanish Academy recently published its 21st edition since 1780 to coincide with the 500th anniversary of the discovery of America. The one-volume book contains 83,000 entries, 12,000 more than the 20th edition in 1984, but still only a fraction of the 460,000 English words in Webster's Third International.

The Royal Academy has 15 million hand-written cards in its files, which are slowly being transferred to electronic data bases, meaning that future editions will be almost entirely produced by computer, perhaps at shorter intervals to reflect the constant shifts in a language spoken by 300 million people.

Woody and Mia Clash: Was Satchel a Prop?

More crimes and misdemeanors: CBS-TV was interviewing Woody Allen for "his side of the story" of his custody battle with Mia Farrow, and then all hell broke loose: Allen and Farrow's biological son, Satchel Farrow, 4, showed up in the lobby of Allen's building. Allen left the interview and sent the child and his sister away. Farrow called CBS to complain that Allen wanted to use the boy for a "prop." CBS said it had nothing to do with his showing up and had not interviewed the child. Later, Allen reportedly reached an agreement with Farrow under which he can see Satchel regularly.

A London tabloid claims Prince Charles has given a lawyer new tapes featuring Princess Diana and an admirer, and the recordings could be evidence if the marriage ends in divorce. Buckingham Palace declined to comment. Meanwhile (and for something completely different), Prince Charles, on a visit to an urban renewal site in Brussels, said: "I'm extremely disappointed that I haven't had the chance to knock down this particular building." He added: "Maybe I should travel with a little dynamite in my pocket in future." The high-rise he was referring to is scheduled to be knocked down.

Steven Seagal, the martial arts master turned star, is fuming over the suspension of what was to be his debut as a director, "Man of Honor." The movie company, 20th Century Fox, bailed out of the \$32 million deal without comment. Star or not, Seagal looks risky as a director since his names like Eddie Murphy, with "Harlem Nights," and Jack Nicholson, with "The Two Jakes," flopped as directors.

Art Spiegelman will join The New Yorker as a contributing editor and artist and will be teaching things that comics haven't done much, which includes doing essays on social and political themes and reportage," he said. His first ship will be in the Dec. 7 issue.

International Classified. Appears on Pages 7 & 9.

WEATHER

Weather forecast section including maps for Europe, North America, Asia, and Oceania, with temperature and precipitation data for various regions.

Opposites Attract By Charles M. Deber

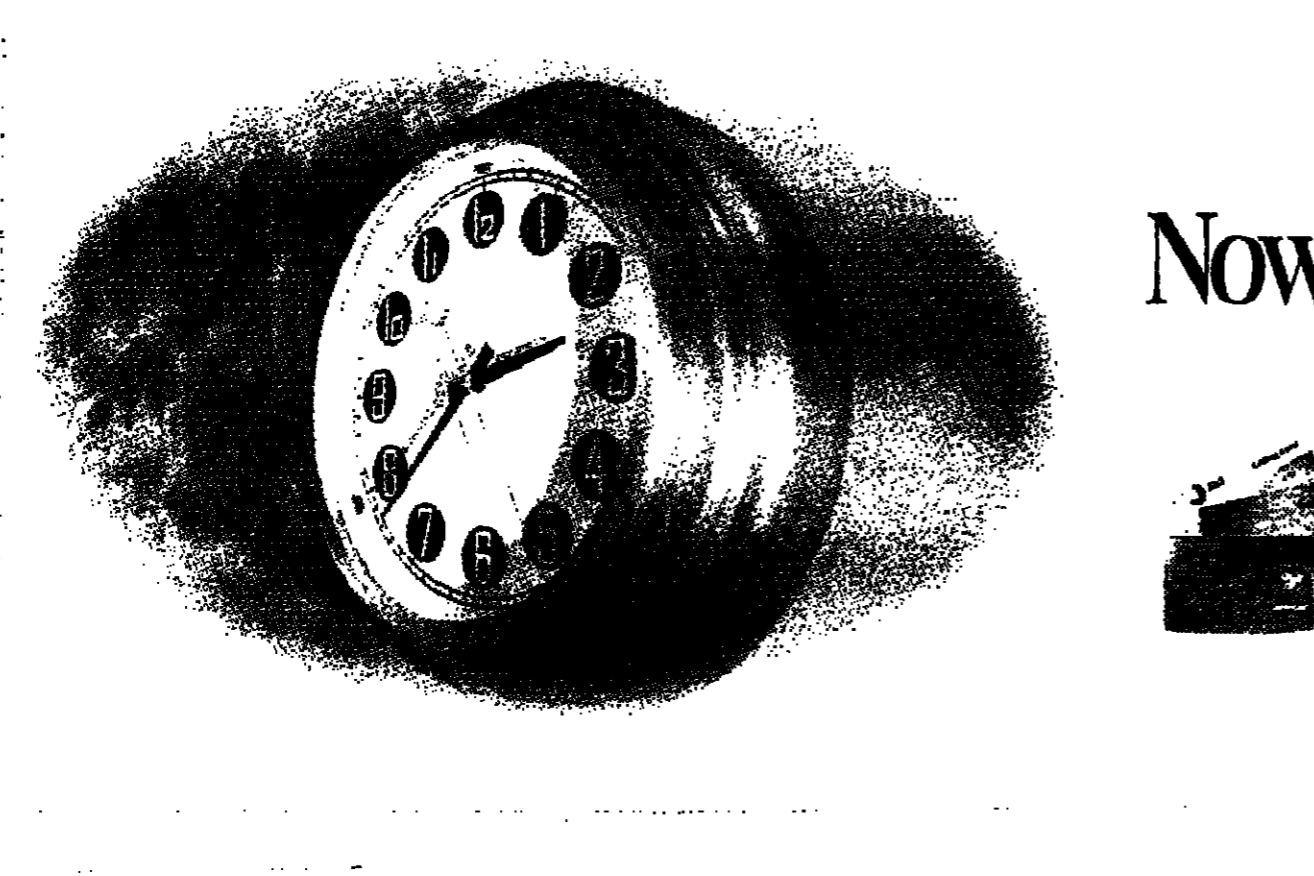
Crossword puzzle grid with clues for Across and Down, including words like 'Polished shoes to Claude?' and '1/2 Prefix'.

BOOKS

THE SECRET SUN: A novel of Japan. By Fred Hiatt. \$21. Pantheon Books. Reviewed by Emily MacFarquhar. This first thriller by the former Tokyo bureau chief of The Washington Post is for readers content to wait until page 291 for the first violent death. Still, Fred Hiatt provides plenty of high-science menace and villainy in his boy reporter's fantasy of seduction, sleuthing and scope set against a textured portrait of the country many Americans love to hate.

Piper has the clothes sense of a Columbo but lacks that detective's smarts. Happily, two Japanese women make up his deficiencies: Kyoko, his savvy, sexy assistant, and Shimizu, an aging ex-scientist. Kyoko, who is the object of Piper's lustful imaginings, proposes a Hiroshima anniversary article about a rumored wartime effort by the Japanese to build an atomic bomb. This idea comes to her out of nowhere, and becomes the big story that every reporter dreams will lift him into the big time. But even with Kyoko guiding him, Piper is stymied until clues are dropped into his lap by Shimizu. Thrillers should not need fairy godmothers. Because they are both outsiders, the two women dare to break ranks by helping a foreigner foil a Japanese conspiracy. A ruffled child servant, Sato, also backs up the

system, up to a point, out of his liberal convictions. Together these three good Japanese serve as foils for the more familiar devoted telephones who are dedicated to duping a credulous America. "The Secret Sun" knocks Japan as a predator, though less stridently than Michael Crichton does in "Rising Sun." But Hiatt's main aim is to demystify a society that is neither high-tech affluent nor quaintly traditional but merely shabby, polluted and overcrowded, a society in which people adapt to a lack of privacy and elbow room by conforming to strict social codes and finding space-saving fun in such pursuits as viewing squirrels and bugs in urban zoos. Hiatt is at his best in sketching the backdrop for Piper's romp through Japan. He is less adept in pulling together the elements that



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